S. HRG. 99-27

ADEQUACY OF U.S. CUSTOMS SERVICE OPERATIONS AND ADMINISTRATIVE ORGANIZATION ON THE WEST COAST

HEARING

BEFORE THE

COMMITTEE ON SMALL BUSINESS
UNITED STATES SENATE

NINETY-NINTH CONGRESS

FIRST SESSION

ON

ADEQUACY OF U.S. CUSTOMS SERVICE OPERATIONS AND ADMINISTRATIVE ORGANIZATION ON THE WEST COAST

SEATTLE, WA—FEBRUARY 15, 1985

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ADEQUACY OF U.S. CUSTOMS SERVICE OPERATIONS AND ADMINISTRATIVE ORGANIZATION ON THE WEST COAST

FRIDAY, FEBRUARY 15, 1985

U.S. SENATE,
COMMITTEE ON SMALL BUSINESS,
Seattle, WA.

The committee met, pursuant to notice, at 1 p.m., in the fourth floor auditorium, Henry M. Jackson Federal Building, Seattle, WA, Hon. Slade Gorton (acting chairman of the committee) presiding.

Present: Senator Gorton.

Also present: Representatives Miller, Dicks, Roybal, Bonker, Lowry, and Chandler.

Staff present: Terri Claffey, Paul Roberts, Aubrey Gunnels, and Steve Oien.

STATEMENT OF HON. SLADE GORTON, A U.S. SENATOR FROM THE STATE OF WASHINGTON, AND ACTING CHAIRMAN, COMMITTEE ON SMALL BUSINESS

Senator GORTON. Welcome, everyone, to this hearing on the subject of the U.S. Customs Service operations in the Puget Sound area and, with respect to one of our guests here, on the west coast. We will have the opportunity to hear from representatives of the Customs Service, from Customs brokers, carriers, and port officials.

One of the primary concerns is the adequacy of Customs staffing to efficiently process international cargo and passengers in a timely manner. The past several years has seen a rapid expansion of international trade in Puget Sound ports. Unfortunately, the Customs Service does not appear to have responded to this change by devoting the necessary resources and manpower to this field. The staffing shortfall in the Seattle Customs District appears quite dramatic in comparison to other Customs district offices.

Nationally, over 600 new positions have been added to the Customs Service in the last year, yet there has been no increase in staffing in the Seattle district to alleviate the increasing Customs workload here.

We are also concerned about proposals to reposition the Alaska and Seattle Customs districts into the Chicago central region. Would fragmentation of the Pacific coast region pose an obstacle to maintaining a uniform and consistent Customs Service operation all along the Pacific coast? Or would there be benefits to such a realignment?

These subjects we are investigating today are of great importance to the economy of the entire State of Washington. Washington State businesses and government have worked hard to develop and expand international trade. The future growth of that trade depends, at least in part, on an efficient Seattle District Customs Service operation with adequate resources to expedite foreign commerce.

We are particularly pleased today to have Congressman Roybal from California here as a part of this hearing. I am told by Congressman Dicks that Congressman Roybal has had a hearing on an identical subject in California. I'm sure we will find out from him that the problems we face here on the North Pacific Coast are shared there as well.

This is one of the largest hearings from the point of view of the number of Members of Congress present which has ever taken place here in Seattle.

I also particularly want to welcome Congressman Dicks from our own delegation because this has been a matter of great interest to Congressman Dicks for an extended period of time. Even though we have problems in the Customs Service here in the Puget Sound area, they are considerably less severe than they would be were it not for the efforts which Congressman Dicks has undertaken.

We have as well Seattle's Congressman Mike Lowry who is greatly interested in this subject, and the newest member of the State delegation, Congressman Miller from Seattle. I believe Congressman Chandler also will be joining us in the next few minutes.

But because he is the most senior person here, because he holds a vitally important position in solving the problems we are here to discuss today, and because I am sure we will be working together during the course of the balance of the year, I am again just delighted to welcome to Seattle Congressman Roybal.

STATEMENT OF HON. EDWARD R. ROYBAL, A U.S. REPRESENTATIVE FROM THE STATE OF CALIFORNIA

Representative ROYBAL. Thank you, Senator, and ladies and gentlemen.

The problems we will hear about today, I can assure you, are not going to be new to members of the committee. These are problems that we do have in the west coast and problems that we've had for a long time. But one of the problems that weighs most heavily upon the shippers, those people who use customs in the west coast, is the fact that we have been somewhat neglected by administration after administration. We have increased our cargo in the west coast; still, our personnel has decreased over a period of years. We have increased tremendously the revenue that has been produced, and still no one seems to pay much attention to that fact at all. And we're getting less and less.

The time has come, I believe, when we who represent districts in the west coast, together with the business communities of those areas, must form a partnership that would make it possible for us to be effective in the Congress of the United States and have some effectiveness with whatever Administration seems to control the White House.

As a member of this committee now for the past 16 years I have not seen that kind of coalition, and I think it is most necessary that we enter into that kind of an agreement. I hope that we can accomplish that, for your problems here are the same problems that we have in southern California and California. They are problems that we can help one another on, and unless we work on these problems together, we're just going to continue to be the neglected west coast.

Senator GORTON. Congressman Dicks.

STATEMENT OF HON. NORMAN D. DICKS, A U.S. REPRESENTATIVE FROM THE STATE OF WASHINGTON

Representative DICKS. Thank you, Mr. Chairman.

I want to thank Senator Gorton and Congressman Ed Roybal, our chairman, for the leadership in presenting this hearing, and I'm glad that Mike Lowry and John Miller are here. I know that other members of the delegation will join us.

I guess I would like to say particularly to Chairman Roybal, who is on the Appropriations Committee with me in the House of Representatives, that we deeply appreciate the enormous amount of time and effort that you have put into this issue, and I certainly agree with you. We need a west coast strategy and a west coast coalition in both the House and Senate if we're going to deal with this issue.

You know, a diligent and fair public servant would approach an informational hearing such as this one with an inquisitive but open mind on the issues. Let me confess at the outset that this task is going to be very difficult for me, largely because I have, for several years, tried to approach these issues in a rational, logical manner. And when one applies a rational, logical analysis to Customs Service staffing levels at one of our Nation's fastest-growing ports of entry, one is swiftly but surely confounded by an inexplicable lack of response of this agency to our condition in Seattle and Tacoma. When international passenger traffic has increased by 107 percent and cargo traffic by 30 percent over 5 years, customs inspector staffing levels have decreased, and clearance times have increased significantly. And all the while congressional appropriations for the Customs Service—because of our chairman's good work—have steadily increased. If there's any logic there, I cannot see it.

When I think of the predicament facing shippers, brokers, the airlines that utilize these ports of entry, I am reminded of the story of the owner of a new restaurant with the finest chef and the most elegant decor in town. On opening night he walks around anxiously, looking at all the empty tables, and asks, "Where are all the customers," only to be told by the maitre d' that the front door is locked and that the key has been misplaced.

What we are doing today at this hearing is looking for that key, knowing very well that many customers outside are growing impatient and that most will soon look for another establishment.

It is said that, against logic, there is no armor like ignorance. What I hope we can do today is to pierce through a few layers of that ignorance and demonstrate very clearly and convincingly that Seattle-Tacoma Airport and the Ports of Tacoma and Seattle are in

need of more full- and part-time customs and immigration staff. With delays in excess of 1½ to 4 hours for passengers arriving, risking the chance they'll miss connecting flights, the Customs Service is certainly not fulfilling the congressional mandate to provide reasonably prompt service. This negligence is risking the diversion of trade and tourism to other ports, and it is choking our ability to sell the Northwest as a convenient and efficient port of entry. No public relations illusions can obscure the reality that more than 600,000 international passengers will clear customs at the Seattle-Tacoma Airport this year, handled by fewer customs staff than half that number of passengers were in 1977. And 25 percent fewer inspectors are processing cargo in quantities that set records last year in the Port of Tacoma and Seattle.

This makes little economic sense and, certainly, no common sense. And I hope that the discussion generated by today's hearing will reinforce an already strong case for better service from the U.S. Government.

Our goal must be the maximum utilization of resources with the minimum disruption, and today we are clearly not meeting—we're not even approaching—that objective. Let there be no mistake, furthermore, that we are not proposing to commit additional resources which will serve to drain the Federal Treasury. The Customs Service has the distinction of being one of the few Government agencies that actually produces a return on investment; approximately $20 in duties and taxes are collected for every dollar expended. Again, I fail to see the logic in allowing the problems of this Seattle Customs District to persist at a time of record high trade imbalance and Federal budget deficits.

So I look forward to the testimony today, having admitted my bias and skepticism. The excitement of the opportunities for expanded trade and travel with the Pacific rim nations should serve as a strong motivation for all of us to develop constructive solutions to the problems we face.

Let's confront the facts, and let's have the courage, the wisdom, and the sense of duty to work together to improve service to this important Pacific rim gateway.

Thank you very much, Mr. Chairman, and I want to again say how pleased we are to have Congressman Roybal; and Senator Gorton, of course, we're going to be counting on you to help in the Senate on this important issue as you have in the past. We're going to have to work together as a delegation, but our delegation has always been able to do that, and I'm glad that you're chairing this hearing today.

Senator GORTON. Thank you. Thank you, Congressman.

We also now have with us Congressman Don Bonker, who has made a specialty of international trade issues and who will contribute significantly to a solution to these problems.

Representative BONKER. I want to hear from Pat.

Senator GORTON. Congressman Miller.

Representative MILLER. I'm the new kid on the block. I'm just here to listen and learn.

Senator GORTON. OK. Don.

STATEMENT OF HON. DON BONKER, A U.S. REPRESENTATIVE FROM THE STATE OF WASHINGTON

Representative BONKER. I have no prepared statement but I do have my particular beef with the Customs Service, so I'll just express it here for a moment, and that is with the program called Operation Exodus. Operation Exodus came about a few years ago, and the Customs Service managed to get a $30 million grant from the Department of Defense. If I recall, there was no congressional authorization for that money.

But in any case, the idea was to set it up and to monitor and intensify enforcement of technology transfers from our ports and our docks into foreign destinations.

I sat in on hearings before the House Ways and Means Committee a year ago when Mr. Von Raab testified on behalf of his budget. He was recommending, on behalf of the administration, rather sharp reductions for traditional services like we have here in our airports, with the increased travel. In fact, there were sharp reductions in all traditional functions of the Customs Service.

At the same time that they were recommending those reductions, there were substantial increases for this Operation Exodus Program, which gives them more authority to play cops and robbers on the docks. We tried to point out to the Customs Service that the Department of Commerce has the statutory authority to administer the export control laws of this country, and it also has the enforcement responsibility. To date I still have not seen any statutory authority to the Customs Service to perform this function.

So I'm glad that we've come to this point so we can talk to some of the officials involved. I share the concerns of others about the passenger and cargo impact on our port facilities, but I would hope that we could also look at budget priorities. And as long as we have to cut a lot of money to make our budget more austere, I can't think of a better place than to start with the Operation Exodus Program of the Customs Service.

Senator GORTON. Thank you.

We also have statements from Congressmen Swift and Foley, who were not able to be here today.

Representative BONKER. I ask they be put in the record. I just point out that the reason Congressman Swift isn't here is that he's up in Blaine, meeting with officials there to talk about the customs problems on the border. So he is doing his chores, and he's got a very good statement. I ask they be included in the record, Mr. Chairman.

Senator GORTON. So ordered.

[The prepared statements of Representatives Swift and Foley follow:]

STATEMENT BY REP. AL SWIFT---CUSTOMS HEARING---SEATTLE, WASH. Feb. 15, 1985

MEMBERS OF THE STATE DELEGATION, CHAIRMAN ROYBAL, AND HONORED GUESTS:

I REGRET THAT I AM NOT ABLE TO ATTEND TODAY'S HEARING. IRONICALLY, I MUST BE IN BLAINE TODAY FOR A PREVIOUSLY-SCHEDULED AND NECESSARY MEETING WITH LOCAL OFFICIALS TO DISCUSS THE IMPACT ON BORDER SERVICES OF THE UPCOMING EXPO '86 IN VANCOUVER, BRITISH COLUMBIA. I AM PLEASED, HOWEVER, FOR THIS OPPORTUNITY TO SUBMIT A STATEMENT DETAILING MY CONCERNS ABOUT THE INADEQUATE STAFFING LEVELS IN MANY PORTS-OF-ENTRY IN THE SEATTLE CUSTOMS DISTRICT.

I HAVE A LONG ACQUAINTANCE WITH CUSTOMS ISSUES; LOCATED IN MY DISTRICT ARE THE BORDER PORTS OF BLAINE, LYNDEN, SUMAS, AND POINT ROBERTS. I KNOW THE CUSTOMS EMPLOYEES STATIONED THERE, AND I KNOW THEIR FAMILIES. I ALSO KNOW HOW DIFFICULT THEIR WORK IS, AND OF THE LONG HOURS THEY ARE FORCED TO WORK BECAUSE OF INADEQUATE STAFFING.

LAST YEAR IN A HEARING BEFORE A SUBCOMMITTEE OF THE HOUSE POST OFFICE AND CIVIL SERVICE COMMITTEE A GROUP OF INSPECTORS' WIVES FROM BLAINE GAVE WHAT I THINK IS COMPELLING TESTIMONY ABOUT THE PROFESSIONAL DUTIES OF INSPECTORS. "THE INSPECTOR IS TRAINED TO MAKE A DETERMINATION BASED NOT ONLY ON WHAT IS SAID, BUT HOW IT IS SAID...PROFILES LEARNED AND A HOST OF OTHER TECHNIQUES. IT IS VERY OFTEN THE INSPECTOR'S ABILITY AND HIS CO-WORKER'S ABILITY TO COME TO HIS AID WHICH MAKES THE DIFFERENCE BETWEEN LIFE AND DEATH. THE MENTAL AND PHYSICAL STRAIN THIS PLACES THE INSPECTOR UNDER IS ENORMOUS. MULTIPLY THIS STRESS OVER A LONG PERIOD OF SERVICE, AND YOU CAN IMAGINE THE TOLL IT TAKES."

I WOULD LIKE TO SUBMIT FOR THE RECORD A LETTER RECENTLY SENT TO ME BY THE CUSTOMS INSPECTORS AT BLAINE. THE STATISTICS THEY HAVE COMPILED ARE GRAPHIC: IN FY 1974 THERE WERE AN AVERAGE OF 33.5 INSPECTORS WORKING AT BLAINE; IN FY 1984 THERE WERE ONLY 28 INSPECTORS--A DECLINE OF 16%. YET AUTOMOBILE TRAFFIC

INCREASED DURING THAT PERIOD BY 84%, AND COMMERCIAL TRUCK TRAFFIC INCREASED 268%!

TO TRY TO HANDLE THIS WORKLOAD HAS REQUIRED THAT INSPECTORS WORK MANY DOUBLE SHIFTS AND WEEKENDS. THE RESULTING OVERLOAD CAN ONLY LEAD TO EMPLOYEE BURNOUT, LACK OF ADEQUATE ENFORCEMENT AND SCRUTINY OF PEOPLE AND CARGO CROSSING OUR BORDERS, AND UNDERSTANDABLE FRUSTRATIONS FOR SHIPPERS AND BROKERS WHOSE BUSINESS IS ADVERSELY AFFECTED.

IT SHOULD NOT BE LIKE THIS. THE CUSTOMS SERVICE IS ALMOST UNIQUE AMONGFEDERAL AGENCIES; IT PAYS ITS OWN WAY MANY TIMES OVER. TO SQUEEZE THE CUSTOMS BUDGET FOR SHORT-RANGE SAVINGS IS A CLASSIC CASE OF PROVING THE OLD CLICHE OF BEING PENNY-WISE AND POUND FOOLISH. IF WE EXPECT TO EXPAND OUR NATION'S TRADE AND FIND NEW MARKETS FOR OUR STATE'S LESS-THAN-ROBUST INDUSTRIES, THEN WE NEED TO SUPPORT--NOT HINDER--OUR CUSTOMS SERVICE.

I AM PLEASED THAT MR. NICK BLAKLEY, A BROKER FROM BLAINE AND THE VICE PRESIDENT OF THE WASHINGTON STATE BROKERS ASSOCIATION, WILL ALSO TESTIFY THIS AFTERNOON. I ALSO WANT TO COMMEND ALL THOSE WHO HAVE HAD A HAND IN ORGANIZING THIS HEARING, AND I LOOK FORWARD TO WORKING WITH THE PARTICIPANTS IN ENSURING AN ADEQUATELY-FUNDED AND FOCUSED CUSTOMS SERVICE.

Enclosure

NATIONAL TREASURY EMPLOYEES UNION

Chapter 164

P.O. Box 1140 Blaine, WA 98230

February 4, 1985

Congressman Al Swift
1502 Longworth
House Office Building
Washington, DC 20515

Dear Congressman Swift:

I am writing to ask your assistance to do something about the serious lack of staffing at the Port of Blaine, WA and the effects it has upon the interdiction of narcotics and drug related currency that flows thru the port. I have asked the inspectors assigned to the port to add their signatures to this letter in order to indicate that there is unity among us in the way we feel about the indifference that the Customs Service has taken towards adequately staffing our port. As you know , in 1978 and 1979 this port underwent a construction project in which a new border station was built at the Peace Arch Crossing and two stations were added at the Pacific Highway to replace the one existing facility. In a letter in December 1978 to the late Senator Henry Jackson (See attached), Mr. Clarence Bingham, who was the Regional Commissioner of the former San Francisco Region, indicated that in order to staff these facilities upon their completion, an additional twelve inspectors would be needed. Unfortunately the opposite has happened and a decline in the inspectional force has taken place. In FY 1974 we averaged 33.5 working inspectors and in FY 1984 we averaged 27 working inspectors or a decline of 19 per cent in the work force. As of this date we have 28 working inspectors or a decline of 16 per cent from FY 1974. The automobile traffic has increased from a total of 1,497,869 vehicles in FY 1974 to a total of 2,758,781 vehicles in FY 1984 or an increase of 84 per cent. Finally, the loaded commercial truck traffic has increased from 39,650 loaded trucks in FY 1974 to 146,165 loaded trucks in FY 1984 or an increase of 268 per cent. These figures do not include the empty trucks. In order to keep the traffic flowing at a managable level, we have had to sacrifice many of our past enforcement efforts and concentrate on the facilitation of automobiles and trucks.

A lot of our problems arise from the fact that the Service has not taken into consideration the geographical area or numbers of the population that this port sits adjacent too. We are thought of as a small border port and rural area by some personnel in the Service, however we are located adjacent to Vancouver, British Columbia, Canada which has a Greater Vancouver population of a million plus people. In addition, the Vancouver International Airport has many flights that arrive directly , or feed into, from source narcotic areas from around the world. We know that many of the passengers depart the aircraft and arrive thru our port stating they have only been to Canada on a visit. Fortunately we have caught several of these travellers in their deception, such as the female passenger in October 1984 who was attempting to smuggle six pounds of heroin from the Far East

Another example was the traveller in June 1984 that arrived at the port on a Greyhou nd bus and stated he was returning from a two day visit in Canada, when in fact he had arrived at Vancouver Airport a few hours before from Hong Kong. This person was using a false passport to facilitate his entry, however when his real identity became known, it revealed him to be a major figure in a drug task force investigation from the State of New Mexico. Many of the drug traffickers residing in the Vancouver area use our port in their attempts to smuggle currency in excess of that permitted by law in order to finance their drug purchases in the United States. A recent example of this was the seizure of $187,000.00 in Canadian currency at the port in November 1984. Combine these problems with the normal criminal elements that travel back and forth across our border, and the wanted felons from the US that we apprehend on their return from Canada, it is amazing that our seizure results are as good as they are, given the fact that we have not operated a secondary examination area on a full time basis since approximately 1976 or earlier. In addition, narcotics travel thru our port in commercial container traffic from the Far East, arriving at the Port of Seattle destined for Vancouver, British Columbia. This is evidenced by two large seizures in this "cooridor" in 1984, one of Thai sticks and the other of hashish. With the staffing levels that exist in the examining area at Blaine, which deals with the container traffic leaving the US for Canada, the examination process is almost non-existent as these two, and sometimes three, inspectors must work automobile and bus traffic as well as being concerned with all exports leaving the country.

As indicated above, the Port of Blaine has not staffed a secondary examination area for automobiles and passengers on a full time basis since 1976. It has been an impossible task as much of the time at the main border crossing there are only three journeymen inspectors and one supervisor to work traffic and conduct secondary examinations on each shift, at the Pacific Highway commercial crossing there are normally two journeymen inspectors and one supervisor assigned in the area to work the automobile and bus traffic, to perform secondary examinations, to examine bonded merchandise and exports departing the US into Canada and four journeymen inspectors to examine incoming commercial truck traffic. As you can see, the staffing does not provide the opportunity to properly operate secondary search areas at these facilities, nor does it allow the inspector the time to properly pursue EXODUS violations for high technology or does it allow those inspectors working incoming commercial trucks the necessary time and opportunity to search these trucks and drivers for narcotics, as they did in the years prior to the large increase in commercial truck traffic. We know with an adequate staff in our secondary search areas that the significant seizures at the port increase dramatically. This has happened time and time again when the Service has sent in teams from around the country to conduct intensified enforcement examinations at the port. Given these same opportunities, the inspectional staff at this port are just as capable of doing the same job.

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A recent report by the Operational Analaysis Staff in Seattle, WA revealed that we, as an inspectional group, do well with the staff we have and points out that we could perhaps become very cost effective and place a real dent into the illegal activity in drug related areas if we were staffed in a proper manner. This report indicated, for the month of October 1984, that five percent of the automobile traffic that crossed the border at our port was sent for a secondary examination, of the persons crossing the border, two percent were sent for a secondary examination, and of this two per cent, one percent were searched, and of the one percent searched, seizures were made from thirty-one percent ofthose searched. This indicates that as a group, we do have the expertise to do the job, but lack the staffing to devote the proper efforts to secondary examinations.

Hopefully we have stated our position in an objective manner, but it has become abundantly clear in the past few months that something must be done about this staffing situation at Blaine so we can have a "fighting chance " at the interdiction of drugs that are coming thru our port. We don't believe that the use of double shifts, as we now experience at times, is the proper answer. There have been studies conducted in the Pacific Region of Customs which clearly indicate that our port and the Seattle Customs District are understaffed in relationship to the inspectional activities they perform, however no one in the Pacific Region seems to believe these studies and their answer is to conduct another study to see if the others were correct. Obviously in some areas of the Region staffing problems have been addressed as Los Angeles Airport has increased their staffing by 75-80 inspectors since 1980 and at the Port of San Ysidro, CA, where they opened up a new commercial truck facility on January 24, 1985 and allocated 41 new positions to operate the facility. In November 1982, a new border facility was opened at the Port of Laredo, TX and 35 positions were allocated to staff it. Given the fact that the Service does staff facilities when new ones are built, it is difficult to understand why this port has been allowed to degenerate to the point it has, since we are the largest Northern Border landport West of Detroit, MI.

In conclusion, I am aware of the reluctance of Congressional Delegations wanting to become involved in the internal management of staffing problems for agencies, but I think the significance of the number of signatures to this letter indicates that we as an inspectional group have reached the point that we believe some intervention must take place from your office, as well as from the offices of Senators Evans and Gorton, in order to stem the flow of drugs and drug related currency that comes thru our area. It is a concern of ours as citizens and Customs inspectors, and I am sure you share this concern, that we do not need this type of activity taking place in the area where we live and work. I would be most willing to discuss this situation

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with you, or your staff, and provide additional statistics. I will be sending a copy of this letter to Senators Evans and Gorton for their information. Again, thanks for your assistance in this matter and we look forward to hearing from you regarding this matter.

Sincerely,

William E. Keown
President

TESTIMONY OF THE HONORABLE
THOMAS S. FOLEY
BEFORE THE SENATE COMMITTEE ON SMALL BUSINESS

FEBRUARY 15, 1985

Mr. Chairman, I greatly appreciate this opportunity to submit testimony regarding the importance of the ports of entry at the United States-Canadian border in Northeastern Washington. In recent years the Customs Service proposed a reduction in the hours of operation at the Metaline Falls and Danville, Washington, ports of entry and sought to close the Boundary and Ferry, Washington, border ports. I would like to outline the possible adverse effects facing Eastern Washington should such an ill-conceived proposal be approved.

Closing or reducing the hours at the four ports listed above would have serious economic consequences for several important businesses in three Northeastern Washington counties. One major firm which could suffer severe economic hardship is the Lehigh Portland Cement Company. Lehigh uses all the border crossings in question to serve its Canadian customers. The company is most concerned, however, with the port of entry just north of its Metaline Falls plant. A reduction of hours at the Metaline Falls port would force truck layovers at many of the company's destinations, thereby increasing Lehigh Portland's transportation costs while decreasing the firm's ability to serve customers efficiently. In addition, reducing the hours of operation at Metaline Falls would make the company's importation of critical production materials much more difficult. In 1983, Lehigh Portland imported 20,000 tons of coal and 16,000 tons of gypsum from Canada, which translates into approximately four to six truckloads of material per day entering the United States via the Metaline Falls port. Because the trucking firm transporting the materials for Lehigh Portland Cement is already restricted by the current 16 hour border access, reducing the port's present hours of operation would force the trucking company to either substantially increase its shipping rates or terminate service entirely. Either alternative would be extremely detrimental to Lehigh Portland's entire production capacity.

Any slowdown in production at the Lehigh Portland Cement Company would be disastrous for Pend Oreille County. Over the past several years Pend Oreille County posted one of the highest unemployment rates in Washington State (as high as 33.2 percent in the spring of 1983). The county relies heavily upon the cement company for economic viability. Lehigh Portland is both the county's largest employer (with a $2.5 million annual payroll) and taxpayer (providing over $100,000 in annual revenue). A reduction in the hours of operation at the Metaline Falls port would substantially increase the county's unemployment rate and seriously erode the area's tax base.

Yet Metaline Falls is not the only port of entry which is integral to the economy of Northeastern Washington. The ports at Boundary, Ferry, and Danville are also essential components in preventing economic deterioration in the region. As with the Metaline Falls port, the number of vehicles using the Boundary, Ferry, and Danville routes is not a valid measure of the ports' commercial significance. In 1982, the Pope and Talbot Lumber Company of Portland, Oregon, began production at two major Canadian lumber mills: one in Midway, British Columbia, across the border from Ferry and the other at Grand Forks, British Columbia, just northeast of Danville. The lumber company shipped 25,000 units of wood chips and 73 million board feet of lumber through

Ferry alone in 1983. Moreover, in anticipation of production at Midway and Grand Forks, Pope and Talbot spent over $1 million to construct a reload center at Curlew, Washington, near the Danville and Ferry ports of entry. If the Ferry port is closed and the hours at the Danville port reduced, the company would receive no return on its tremendous investment in the Canadian lumber mills and the Curlew reload center. Both Pope and Talbot and the region would suffer devastating economic effects.

A closure or reduction of hours at these very important ports of entry would not effect only large businesses. A great many small companies in Northeastern Washington rely heavily on the business generated by Canadians citizens who shop in Washington State. Restricted hours at the ports would force scores of presently viable Washington small businesses to close.

Finally, restricting port hours could cause extreme medical as well as economic hardships. The nearest hospital facilities and full-time doctors for most Washington State border towns are in Grand Forks, British Columbia. If border crossing operations are altered, the closest medical attention would be in Republic, Washington (approximately 30 to 90 miles away, depending on the town), or the hospital in Grand Coulee (approximately 120 to 180 miles away). Once again, mere traffic statistics cannot describe the medical importance of these border crossings, especially in emergency situations.

Mr. Chairman, I urge the Customs Service to take into account the very severe consequences of closing border ports in Northeastern Washington before contemplating additional proposals to alter service on the Canadian border. Once again, I want to thank you and the Committee for this opportunity to present what I believe is a compelling case for maintaining the status quo at the Boundary, Danville, Ferry, and Metaline Falls border crossings.

Senator GORTON. We now have three distinguished witnesses representing ports. That's Pat O'Malley, commissioner of the Port of Tacoma; Richard Ford, the executive director of the Port of Seattle; and Jim McJunkin, executive director of the Port of Long Beach.

We welcome you here. I understand that the formal testimony will be submitted by Mr. O'Malley, but that all three of you will be available for questions.

Please proceed.

STATEMENT OF PAT O'MALLEY, COMMISSIONER, PORT OF TACOMA, WA, ACCOMPANIED BY RICHARD FORD, EXECUTIVE DIRECTOR, PORT OF SEATTLE, WA; AND JAMES H. McJUNKIN, EXECUTIVE DIRECTOR, PORT OF LONG BEACH, CA

Mr. O'MALLEY. Thank you, Senator, that's correct.

This is the first opportunity I've ever had to address a congressional committee, and I'm delighted. I'm also a little intimidated, so I brought two of the most respected and distinguished port directors I could find, Mr. Jim McJunkin from the Port of Long Beach, and Mr. Ford from the Port of Seattle. Both men are preeminent authorities, I think, in the port industry and I am delighted to be here with them. They have statements, and I ask that they be included in the record.

Senator GORTON. They will be.

Mr. O'MALLEY. Thank you.

On behalf of the Port of Tacoma and the entire port industry of Washington State, I want to thank you for recognizing the importance of this critical economic issue.

This afternoon you will hear testimony on the various ramifications of Customs Service as it relates to the specific segments of our industry. Change is everywhere in this industry, and the response that is required is at the heart of my message. In the next few minutes I will endeavor to highlight this change and illustrate the impact Customs Service has on the operation of maritime ports.

The most dramatic development affecting international trade during the past 5 years has been the shift of cargo volume from the Atlantic to the Pacific Coast. In 1980, for the first time since the inception of this country, the volume of trade between the United States and Asia surpassed that of the United States and Europe. This margin was 9 percent. By 1983 the volume of Pacific trade outstripped Atlantic trade by 24 percent.

It is important to note that this is not a fluke. This is a trend that will continue to dramatically affect the way that cargo must be serviced in the United States. That is why a port such as Tacoma committed $50 million in the past 2 years toward facility improvements to meet the shipping industries' evolving demands. That is why the movement of cargo has become intensely competitive and sophisticated, particularly on the west coast.

A term given recent attention in the industry is "load centering." That simply means larger ships calling at fewer ports and discharging more cargo in those ports. The consequence, of course, is dramatically increased volume at fewer locations.

Sea-Land, the Nation's largest shipper of containerized cargo, is taking ships that now carry 1,800 container boxes and "jumboizing" them to carry 2,680. They will soon begin building ships that will carry 3,400 containers. U.S. Lines, which operates an all-water route from Asia to the east coast, is building 12 ships that will carry 4,000 containers each.

Sea-Land is moving its operation from Seattle to Tacoma this spring. That will result in over a 300-percent increase in volume of cargo for Tacoma within the next 15 months. This shouldn't be interpreted as simply shifting like amounts of business from one port to another. Sea-Land will be doing 30 percent more business in Tacoma than it did in Seattle, and it is likely that Seattle will replace a good portion of its Sea-Land business with additional container traffic.

The total impact on cargo volume is obvious—and Puget Sound ports must be prepared to handle increased container traffic quickly and efficiently.

More than 80 percent of the international cargo that comes into Puget Sound is headed for destinations inland. That means if better service can be provided elsewhere, the shipping lines will relocate the load center. If the load centers on the west coast can't move the cargo fast enough, the shipper will use the all-water route to the east coast.

To be competitive with east coast ports, west coast ports depend on a timely railroad link to places like Chicago and New Jersey. This transfer of cargo inland is done through what is referred to as the intermodal connection. The development of highly sophisticated loading facilities and elaborate train equipment represent major financial commitments by ports and shipping lines. To not make this commitment is to fall by the wayside. Even once the commitment is made, the service must be competitive. The emphasis is on speed.

Let me give you an example. Beginning in May, Sea-Land will be running three brand new stack trains per week eastbound and another three westbound through the Port of Tacoma's intermodal yard. These trains will need to be unloaded, reloaded, and sent on their way in a timespan of hours.

The ports and the shippers have made massive capital investments for bigger ships, faster cranes, quicker rail connections, and ever-more expedient flow of cargo. The link that neither the ports nor the shippers have any control over, but which both are critically dependent on, is the Customs Inspection Service.

How can this impact cargo flow? Well, if a shipper unloads a container of electronics equipment worth $1 million, and it is delayed 24 hours before it can be hauled inland, that is 24 hours' worth of interest on $1 million, or $274 at current interest rates on one container. That cost is incurred by the shipper and of course, ultimately, by the consumer. That's one container box, delayed 1 day. Consider the impact when applied to over 1 million boxes, which represents the volume that went through Seattle and Tacoma last year. Delays of 3, 5, or 7 days can easily happen if Customs is unable to respond efficiently to cargo flow patterns. Delays not only cost a shipper interest fees; they can cost him whole accounts.

Response is what we need from Customs, response to the needs of the industry as the industry adapts to the needs of the marketplace.

Here's an example of just how big a role services play in the competition between ports. Response to market needs has resulted in 30 percent of cargo ultimately bound for Vancouver, BC, coming through Seattle and Tacoma and being trucked north. This trade advantage is a product of superior services including, as a key partner, U.S. Customs.

Robert Hardy, Director of the Seattle Customs District, and Les Griffin, Director of Customs at the Port of Tacoma, understand this partnership. They have been very cooperative, working within the limited resources of their jurisdiction. They are relying increasingly on computer technology, especially the ACCEPT cargo registration system, and we endorse that progress. However, unless and until the system is proven to be effective, it is essential staffing requirements be maintained at a sufficient level.

Regardless of how Customs chooses to align ports within regions and districts, there must be a guarantee of standardized documents and procedures. The challenge before Customs at the highest level is to identify the changes that are occurring in the industry and allocate staff accordingly.

If I achieve one thing today, I hope it is to clearly illustrate the importance of the relationship between Customs and the tremendous capital investment made by the shipping and port industries. We are very dependent on the customs link in this chain. We ask you to help to ensure that substantial customs service is provided to meet the growing needs of Puget Sound ports.

In essence, we simply want a fair allocation of customs resources that reflect the changes in the market, and that's what we're asking.

We appreciate your attention.

[The prepared statement of Mr. O'Malley follows:]

STATEMENT OF PAT O'MALLEY
COMMISSION PRESIDENT, PORT OF TACOMA
PRESENTED FEBRUARY 15, 1985

THE CUSTOMS LINK IN THE CARGO FLOW CHAIN

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Senator Gorton. Given the distinguished nature of our other two guests, Mr. Ford, and Mr. McJunkin having come all the way from California, I think we'll relax the rule and at least hear for a couple of minutes from each of them, if they would like to summarize their statements.

Dick.

STATEMENT OF RICHARD D. FORD, EXECUTIVE DIRECTOR, PORT OF SEATTLE, WA

Mr. FORD. Well, I think——

Senator GORTON. Dick, pull that microphone up so that the people in the back of the room can hear you.

Mr. FORD. The message I have is a very simple one; it's one that I've been hammering away at for the last 2 or 3 years. We've just got to have more people. We can try to give you more and more documentation to prove that's the case, but simply stated, Customs does not have the personnel to do the job we're asking them to do.

We've had marvelous cooperation from the regional and district office here, but the policy of continually reducing the staff simply won't work with the growth we've had and, in spite of some good innovations, we just don't have the people.

I know that's not popular in a season where you're trying to find ways to reduce the budget, but I would point out several things. First of all, Customs generates a tremendous amount of revenue for this country, and that ought to be taken into account as you decide how to allocate funds between various functions that need to be performed. They contribute particularly at the airport—and Vern Ljungren, the director of Sea-Tac, will have more to say about that—to the balance of payments in a positive way with the foreign visitors that come into this country. If we become difficult to get into, people have other choices. They don't have to come to the United States to spend their money.

The other point that I would touch on, knowing that it's a delicate issue but one which has to be recognized by Congress—we're in a very tough period in terms of trade relations with other parts of the world. We've tried to maintain some balance in those trade relations by a series of band-aids and, usually, the way that ends up with the imposition of quotas. The minute you get quota merchandise into the mix—of which we have a lot over the west coast, particularly in the garment industry, but some other industries as well—you get into a very difficult problem for Customs in terms of inspection. They have to go in and check this merchandise in more detailed ways than they would with something that isn't quite as controversial or as difficult as quota merchandise. It just takes more manpower.

It is part of the national policy to try to keep the lid on what is a pretty volatile set of trade relations with many parts of the world. It even goes to our national defense, I'd make the plea, if you take it in its broadest context.

Now, we get into it. Probably Jim McJunkin will talk a little bit more about the disaster they've got going on in southern California on what we call DX cargo, and that's dock examination—and a big chunk of that is this quota merchandise. You just simply have to

have the people to deal with it. And so, these policies are formulated, both at the administrative level and in Congress, to try to deal with some of these complex trade relations. Every time you stick one of those regulations in—quotas, or whatever it might be—to try to balance out the very complex political issues, you also are putting a burden back onto Customs, and you have to recognize that in your manning. I hope that, without overcomplicating this, that the regulatory bodies will be examined as well. But the bottom line is still, give us more people; we've just got to have them. It's that simple. If we don't get them, we're going to lose trade opportunities; we're going to lose tourist opportunities, and the net result is going to be negative for the economy at this point.

[The prepared statement of Mr. Ford follows:]

STATEMENT OF RICHARD D. FORD, EXECUTIVE DIRECTOR, PORT OF SEATTLE, WA

I AM PLEASED TO HAVE THE OPPORTUNITY TO APPEAR THIS AFTERNOON BEFORE THIS DISTINGUISHED GROUP, AND TO SHARE THE WITNESS STAND WITH REPRESENTATIVES FROM THE PORTS OF TACOMA AND LONG BEACH. THOUGH THE INFORMATION I WILL PRESENT DEALS SPECIFICALLY WITH THE CUSTOMS OPERATION IN THE PORT OF SEATTLE, THE ENTIRE WEST COAST IS EXPERIENCING A GROWTH IN TRAFFIC VOLUME, AND THE ACCOMPANYING DIFFICULTIES IN INSPECTION THAT INCREASED CARGO PASSENGER VOLUMES BRING WITH THEM.

THE PORT OF SEATTLE IS THE NATION'S LEADING GATEWAY TO THE ORIENT AND ALASKA. BECAUSE WE OPERATE BOTH AN AIRPORT AND A SEAPORT, WE ARE UNIQUE WITHIN THE SEATTLE CUSTOMS DISTRICT. TRAFFIC VOLUME THROUGH BOTH THE AIRPORT AND THE AIRPORT HAS INCREASED SIGNIFICANTLY OVER THE FIVE YEAR PERIOD SINCE 1979, AND WILL CONTINUE TO GROW AS THE NATION'S TRADE WITH THE FAR EAST EXPANDS.

THE PORT OF SEATTLE IS AMERICA'S THIRD LARGEST CONTAINER PORT, AND THE NATION'S TENTH LARGEST CARGO AIRPORT. SINCE 1979, THE VALUE OF SEATTLE'S IMPORTED MARINE CARGO HAS INCREASED 51 PERCENT. INTERNATIONAL AIR PASSENGER ARRIVALS ARE UP 107 PERCENT OVER THAT SAME FIVE YEAR PERIOD, AND AIR CARGO IMPORTS HAVE GROWN 24 PERCENT. IN 1984, MORE THAN HALF A MILLION INTERNATIONAL AIR PASSENGERS ENTERED THE UNITED STATES THROUGH SEA-TAC INTERNATIONAL AIRPORT. OVER 4 MILLION METRIC TONS OF MARINE CARGO CROSSED OUR DOCKS, AND NEARLY 25 MILLION POUNDS OF AIR CARGO MOVED THROUGH SEATTLE'S FACILITIES LAST YEAR.

AS THESE FIGURES INDICATE, TRADE AND TOURISM HAVE GROWN SUBSTANTIALLY IN THE PORT OF SEATTLE DURING THE LAST FIVE YEARS. CUSTOMS STAFFING HAS NOT KEPT PACE. THE NUMBER OF PEOPLE AVAILABLE TO PERFORM INSPECTION, CLASSIFICATION, DUTY REVIEW AND PROCESSING TASKS IS ACTUALLY DECREASING. IN RESPONSE, CUSTOMS HAS WORKED WITH THE TRADING COMMUNITY TO AUTOMATE ITS SYSTEM. IN SEATTLE, THE FIRST STEP IN THAT PROCESS WAS THE IMPLEMENTATION OF ACCEPT, THE AUTOMATED CARGO CLEARANCE AND ENFORCEMENT PROCESSING TECHNIQUE. THE ACCEPT PROGRAM IS A COMPUTERIZED SYSTEM WHICH HELPS CUSTOMS DETERMINE WHICH CARGOES TO INSPECT, BASED ON A NUMBER OF FACTORS, INCLUDING THE PAST HISTORY OF A SHIPPER, THE PORT OF ORIGIN OF THE CARGO, AND THE TYPE OF CARGO BEING IMPORTED. IN THE PAST, A MANIFEST LISTING THE CONTENTS OF AN IMPORT SHIPMENT WAS DELIVERED BY A BROKER OR IMPORTER TO THE CUSTOMS INSPECTOR ON THE DOCK. DOCK INSPECTORS HAS THE DISCRETIONARY POWER TO MAKE A DETERMINATION AS TO WHETHER OR NOT TO INSPECT A CARGO. THE ACCEPT SYSTEM SUPPLEMENTS THE DECISION-MAKING POWER OF THAT DOCK INSPECTOR BY MAKING AVAILABLE INFORMATION WHICH MIGHT NOT OTHERWISE BE KNOWN. THIS TOOL SHOULD SPEED PROCESSING, AND ENABLE CUSTOMS TO MORE ACCURATELY PINPOINT SUSPECT SHIPMENTS.

HE AUTOMATION OF CUSTOMS' PROCEDURES WILL NOT STOP WITH THE IMPLEMENTATION OF ACCEPT. THE SHIPPING COMPANIES ARE BEGINNING TO COMPUTERIZE THEIR MANIFEST DATA, AND THE BROKER COMMUNITY IS EXPLORING THE POTENTIAL FOR PARTICIPATION IN THE AUTOMATED BROKER INTERFACE, OR ABI, SYSTEM. THE PORT COMPUTER SYSTEM WILL BE AVAILABLE TO THESE ENTITIES, AND IS ACCESSIBLE TO CUSTOMS AT THEIR ACCEPT HEADQUARTERS ON HARBOR ISLAND. THE IDEAL WE ARE ALL WORKING TOWARD IS A COMPLETELY PAPERLESS ENTRY, WHERE MANIFEST DATA IS ENTERED ELECTRONICALLY, BROKER INFORMATION IS FILED BY COMPUTER, CUSTOMS CAN NOTE THE STATUS OF CARGO AND INDICATE ITS RELEASE AUTOMATICALLY, AND THE CARGO CAN BE MOVED OFF THE DOCK, ALL WITHOUT CLEARANCE FORMS, ENTRY DOCUMENTS, OR PAPER OF ANY KIND. WE ARE NOT YET AT THAT POINT, BUT WE HOPE TO PROVIDE ACCESS TO THE SHIPPING LINES AND THE BROKERS THROUGH THE PORT'S COMPUTER BEFORE THE END OF 1985.

AIR PASSENGER ENTRIES ARE A DIFFERENT STORY, WITH THEIR OWN SET OF DIFFICULTIES. ALMOST HALF OF SEA-TAC'S ARRIVING INTERNATIONAL PASSENGERS ARE NOT U.S. CITIZENS. RECOGNIZING THIS FACT, WE CURRENTLY HAVE A "TWO-STOP" SYSTEM, WITH U.S. CITIZENS BYPASSING THE FIRST STOP AT IMMIGRATION, AND PROCEEDING DIRECTLY TO BAGGAGE CLAIM AND CUSTOMS. SINCE 1982, THE PORT HAS INVESTED $10 MILLION IN UPGRADING ITS INTERNATIONAL FACILITIES. THOSE FUNDS WENT TOWARD ENLARGING THE CUSTOMS AREA, IMPROVING BAGGAGE HANDLING CAPABILITY OF THE FACILITY, INSTALLING A HIGH-SPEED BAGGAGE SYSTEM, EXPANDING THE RECHECK AREAS AND, WITH THE ADVICE OF CUSTOMS, RECONFIGURING THE INSPECTION AREAS. BUT EVEN WITH THE PORT'S EXPENDITURES TO IMPROVE THE PHYSICAL CAPABILITIES OF THE FACILITY, THE PROBLEM AT THE AIRPORT CONTINUES TO GROW AS TRAFFIC VOLUME HAS INCREASED.

PEAK USE OF INTERNATIONAL ARRIVAL FACILITY OCCURS DAILY BETWEEN THE HOURS OF 9:00 A.M. AND NOON. DURING THIS PERIOD UP TO SIX INTERNATIONAL FLIGHTS MAY ARRIVE, WITH A TOTAL CAPACITY OF UP TO 2300 PASSENGERS. THE FOLLOWING CHART INDICATES SEATTLE'S POTENTIAL TRAFFIC LOAD BETWEEN 9:00 A.M. AND NOON DAY FOR THE MONTHS OF AUGUST, 1984 (OUR BUSIEST MONTH IN 1984), AND JANUARY, 1985.

TOTAL PASSENGER CAPACITY BY DAY
ARRIVING INTERNATIONAL FLIGHTS 0900 - 1200 HOURS

	MON.	TUES.	WED.	THURS	FRI.	SAT.	SUN.
AUG. '84	1397	1370	1361	1761	2101	1397	2321
JAN. '85	1397	1590	1361	1397	2101	1397	2101

THESE PASSENGERS MUST ALL BE SEEN BY CUSTOMS. MANY WILL STOP AT IMMIGRATION. EACH WILL HAVE BAGGAGE TO COLLECT. SOME WILL ALSO BE REQUIRED TO CLEAR PUBLIC HEALTH AND AGRICULTURE. BECAUSE OF THE TWO-STOP STRUCTURE, NON-CITIZEN PASSENGERS MAY FIND THEMSELVES STANDING IN LINE BEHIND CITIZEN PASSENGERS FROM FLIGHTS WHICH ARRIVED AFTER THEIRS. THAT MEANS NON-CITIZENS MAY SPEND CONSIDERABLY MORE TIME IN THE INSPECTION FACILITY THAN CITIZENS.

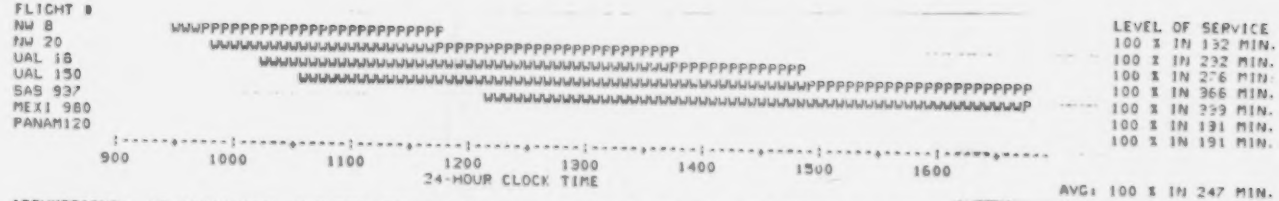
SOME OF THIS CONGESTION MAY BE ALLEVIATED BY THE PLANNED "RED LIGHT/GREEN LIGHT" SYSTEM, DUE TO BECOME OPERATIONAL BEFORE SUMMER. HOWEVER, NEW SYSTEMS LIKE THIS WORK ONLY WHEN STAFFING IS SUFFICIENT. WHEN CROWDS ARE LARGE, AND THE PRESSURE MOUNTS, CUSTOMS HAS SHOWN A TENDENCY TO REVERT TO THE TRIED AND TRUE METHODS OF INSPECTION, RATHER THAN STICKING TO THE NEWER AND FASTER ROUTINES. AS TRAFFIC THROUGH SEA-TAC GROWS, EFFICIENCY IN PROCESSING WILL BE A NECESSITY. THE PROCESSING RATE, OR TRANSACTION TIME PER PASSENGER, CAN HAVE A SIGNIFICANT IMPACT ON OVERALL DELAYS WITHIN THE FACILITY. THE FOLLOWING CHARTS INDICATE DIFFERING PROCESSING TIMES, BASED ON VARIABLE FACTORS LIKE THE NUMBER OF INSPECTORS MANNING PRIMARY FACILITIES, AND THE AMOUNT OF TIME SPENT WITH EACH PASSENGER.

IN DEFENSE OF THE CUSTOMS OFFICIALS WITHIN THE SEATTLE DISTRICT, LET ME SAY THAT THEY HAVE BEEN EXTREMELY WILLING TO TRY NEW APPROACHES, TO WORK WITH THE COMMUNITY TO EXPEDITE THE INSPECTION PROCESS, AND TO EXPLAIN THEIR NEEDS TO US. SEATTLE'S DISTRICT DIRECTOR, BOB HARDY, AND HIS STAFF HAVE BEEN AMONG THE MOST INNOVATIVE IN THE NATION IN THEIR METHODS. HOWEVER, WITHOUT ADEQUATE STAFFING, OUR GROWING VOLUME MAY OVERBURDEN THEM. PROGRAMS LIKE ACCEPT WORK BEST WHEN CUSTOMS STAFF IS WELL TRAINED AND WELL PREPARED TO HANDLE THE JOB. A LACK OF STAFFING MAY MEAN THAT INSPECTORS ARE FORCED TO BECOME CLERK-TYPISTS, AS HAS OCCURRED HERE IN SEATTLE. IT MAY MEAN THAT OVERTIME REQUIREMENTS PLACE AN EXCESSIVELY HEAVY BURDEN ON EACH INSPECTOR, MAKING THAT INDIVIDUAL LESS PATIENT, LESS SHARP, AND LESS WELL PREPARED TO DO HIS JOB. IT MAY MEAN THAT INNOVATIVE PROGRAMS LIKE ROVING INSPECTION AT THE AIRPORT GO BY THE WAYSIDE WHEN TRAFFIC BUILDS--AND THAT IS JUST THE TIME WHEN THOSE PROGRAMS COULD BE DOING THE MOST TO ALLEVIATE THE BURDEN WITHIN THE FACILITY.

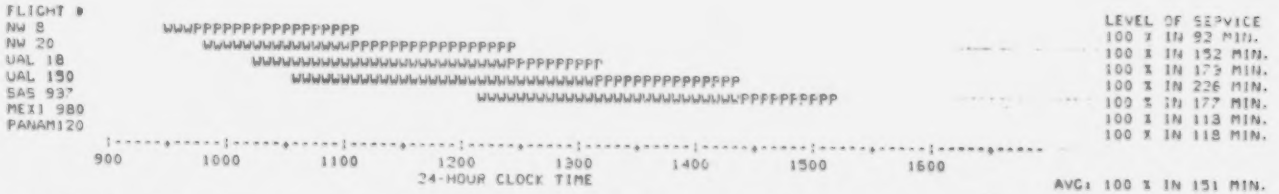
I HAVE ATTACHED AS AN APPENDIX SEVERAL CHARTS COMPARING VOLUME OF CARGO AND PASSENGERS IN SEATTLE WITH VOLUMES ELSEWHERE. ALSO INCLUDED IN THIS INFORMATION IS A COMPARISON OF REVENUE COLLECTIONS BY KEY CUSTOMS DISTRICTS, AS WELL AS DATA ON THE BURDEN OF FORMAL ENTRIES PER INSPECTOR AND PER IMPORT SPECIALIST NATIONALLY.

VARIABLE NUMBER OF INSPECTORS

SEATAC CUSTOMS LEVEL OF SERVICE ANALYSIS
THURSDAYS IN JANUARY, 1985



ASSUMPTIONS: 10 INSPECTORS, 3.0 MIN. TRANSACTION TIME, GIVING AN OVERALL RATE OF 200 PAX PER HOUR.



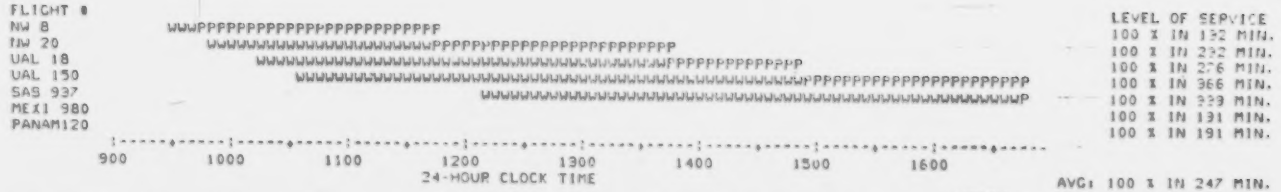
ASSUMPTIONS: 15 INSPECTORS, 3.0 MIN. TRANSACTION TIME, GIVING AN OVERALL RATE OF 300 PAX PER HOUR.

The other variable which can change is the number of primary inspectors. Ten inspectors, working at a rate of three minutes per passenger, have an overall rate of 200 passengers per hour. Average processing time per flight is four hours, seven minutes. If the number of primary inspectors is increased to fifteen, a three minute transaction time results in an overall rate of 300 passengers per hour. The service level improves to two and a half hours per flight.

W indicates passengers waiting in line
P indicates passengers being processed

VARIABLE PROCESSING RATE

SEATAC CUSTOMS LEVEL OF SERVICE ANALYSIS
THURSDAYS IN JANUARY, 1982



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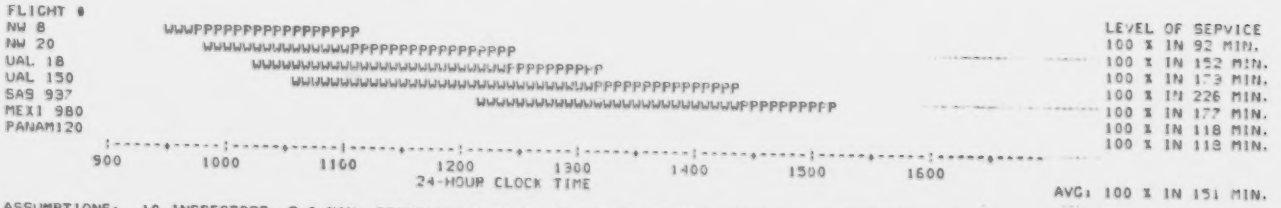

ASSUMPTIONS: 10 INSPECTORS, 2.0 MIN. TRANSACTION TIME, GIVING AN OVERALL RATE OF 300 PAX PER HOUR.

This chart indicates how a change in processing rate can influence the time passengers spend in Customs. Given ten primary inspectors in each instance, a three minute processing rate per passenger results in an overall rate of 200 passengers per hour. Reducing the processing rate to two minutes per passenger gives an overall rate of 300 passengers per hour. If inspectors adhere to the two minute rate, the average flight can clear the facility in two hours, thirty one minutes. If the three minute rate prevails, the average clearance time per flight is four hours, seven minutes.

W indicates passengers waiting in line
P indicates passengers being processed

I WOULD LIKE TO CLOSE BY SAYING THAT I APPRECIATE THE TIME EACH OF YOU IS TAKING TO BE HERE TODAY. I KNOW THAT THE INFORMATION YOU WILL RECEIVE FROM THE WITNESSES YOU HAVE INVITED TO TESTIFY; PEOPLE WHO USE THE SERVICES OF CUSTOMS EVERY DAY, WILL BE MUCH MORE COMPELLING THAN WHAT ANY ONE OF US COULD TELL YOU INDIVIDUALLY. WE HOPE TO CONTINUE TO WORK AS A TEAM WITHIN THE SEATTLE DISTRICT, BECAUSE BY WORKING TOGETHER, EACH PARTNER CAN EASE THE BURDEN ON THE OTHERS. PERHAPS THERE ARE CHANGES IN PROCEDURE OR LAW WHICH WILL BE SUGGESTED TODAY WHICH WOULD MAKE THE ENTIRE SYSTEM FUNCTION MORE EFFICIENTLY. I KNOW EACH OF US WOULD BE WILLING TO TRY ANY NEW IDEA TO IMPROVE THE OPERATION. WE ARE ALL WORKING FOR ONE END: THE CREATION OF A SYSTEM WITHIN THE SEATTLE DISTRICT WHICH FACILITATES BOTH ENFORCEMENT AND TRAFFIC MOVEMENT. WE LOOK FORWARD TO WORKING TOGETHER WITH YOU TO ACHIEVE SUCH A SYSTEM.

THANK YOU.

U.S. CUSTOMS SERVICE

REGIONAL STAFFING LEVELS (in Full Time Equivalents - FTS's)

Region	Fiscal Year 1985
1. Northeast Region Boston	1615 FTE's
2. New York Region New York	2568
3. Southeast Region Miami	1676
4. South Central Region New Orleans	467
5. Southwest Region Houston	1512
6. Pacific Region Los Angeles	2370
7. North Central Region Chicago	1291

45-396 O—85——2

AIR PASSENGER ARRIVALS

by year

	1979	1980	1981	1982	1983	1984*	% change
Seattle	260,511	311,915	336,594	322,014	389,358	540,000	107%
Los Angeles	1,623,197	1,892,284	2,024,573	1,843,604	1,926,237	2,176,648	34%
San Francisco	444,294	509,636	552,638	696,446	657,017	834,411	88%
Chicago	767,609	719,852	675,413	848,753	850,018	1,028,521	34%
New Orleans	155,369	164,374	185,423	172,135	156,289	121,905	-21%
New York	6,335,006	6,320,226	6,354,154	6,400,721	6,908,603	7,806,721	23%
Miami	3,028,864	3,631,759	3,867,356	3,715,223	3,537,931	3,891,724	28%

Source: U.S. International Air Travel Statistics, Calendar Years 1979-1984
U.S. Dept. of Transportation

* Projections based on figures for 1st Quarter, 2nd Quarter, July & August, 1984

PORT RANKINGS -- TOP FIFTEEN PORTS
By volume of imported AIR CARGO
(in millions of pounds)

	1982		1983	
1.	New York	729.7	New York	956.7
2.	Miami	249.0	Miami	298.7
3.	Los Angeles	215.9	Los Angeles	282.0
4.	Chicago	140.1	Chicago	192.2
5.	San Francisco	105.7	San Francisco	149.5
6.	Boston	40.0	Boston	62.6
7.	San Juan	23.8	Savannah	35.8
8.	Savannah	23.7	San Juan	33.2
9.	Houston	19.9	Honolulu	25.6
10.	Seattle	18.2	Seattle	24.5
11.	Honolulu	16.6	Houston	22.2
12.	Buffalo	13.6	Dallas/Ft. Worth	19.4
13.	Philadelphia	12.3	Wilmington	19.3
14.	Wilmington	11.7	Buffalo	17.3
15.	Dallas/Ft. Worth	11.2	Philadelphia	15.3

AIR CARGO DATA

Volume of IMPORTS in millions of pounds, by year

	1979	1980	1981	1982	1983	1984	% change
Seattle	19.7	17.5	19.8	18.2	24.5		24%
Los Angeles	147.1	166.4	188.8	215.9	282.0		91%
San Francisco	93.5	82.7	96.0	105.7	149.5		60%
Chicago	112.5	104.0	120.6	140.1	192.2		71%
New Orleans	6.7	5.7	6.9	4.7	4.8		-28%
New York	654.5	598.5	713.6	729.7	956.7		46%
Miami	173.9	177.3	221.5	249.0	298.7		72%

Source: U.S. Census Bureau, "Highlights of U.S. Export and Import Trade", 1979-1983

MARINE CARGO DATA - Volume in metric tons of IMPORTS

	1979	1980	1981	1982	1983	% change
Seattle	4520837	4101389	3868834	3391354	4011294	- 11 %
Los Angeles	9689929	7273365	5952485	4820110	5581278	- 42 %
Long Beach	8629106	8464425	8142879	6690542	7054328	- 18 %
San Francisco	799306	661959	712780	655289	656166	- 17 %
Oakland	1323041	1422562	1487524	1445314	1827816	+ 38 %
Chicago	4398438	1754265	3513378	3010242	2722247	- 38 %
New Orleans	22458435	17550617	16300646	16559580	10888785	- 51 %
New York	48550269	41041635	41002138	37687583	41678590	- 14 %
Miami	824205	774449	569132	700977	771415	- 6 %

Source: Port of Seattle - 305/705 U.S. Census Bureau Tapes

MARINE CARGO DATA - Value in thousands of dollars of IMPORTS

	1979	1980	1981	1982	1983	1979-83 % change
Seattle	$ 7,830,038	9,700,781	11,356,455	10,457,051	11,852,542	+51%
Los Angeles	8,541,080	10,616,956	11,594,207	10,328,242	11,867,230	+39%
Long Beach	7,831,754	9,264,810	12,270,630	12,690,538	14,616,878	+86%
San Francisco	975,957	967,850	1,115,900	1,099,055	1,025,601	+ 5%
Oakland	3,461,054	3,987,945	4,493,598	4,738,059	4,812,377	+39%
Chicago	687,289	389,212	540,311	614,159	530,420	-23%
New Orleans	6,061,227	6,985,925	6,714,813	5,990,681	4,651,390	-23%
New York	26,061,235	27,952,546	29,144,590	27,531,813	30,318,916	+16%
Miami	1,074,438	1,089,516	1,059,520	1,284,220	1,388,904	+29%

Source: Port of Seattle - 305/705 U.S. Census Bureau Tapes

Port of Seattle
Planning and Research

SEATTLE HARBOR CONTAINER TRAFFIC

YEAR	TOTAL		FOREIGN		DOMESTIC	
	IN	OUT	IN	OUT	IN	OUT
	- - - - - - - - - - Thousands of Metric Tons* - - - - - - - - - -					
1973	693	1,331	520	689	173	642
1974	723	1,505	573	742	150	763
1975	678	1,500	514	573	164	927
1976	1,107	1,762	866	824	241	1,034
1977	1,272	1,908	1,029	977	243	931
1978	1,362	2,140	1,051	1,110	311	1,030
1979	1,453	2,460	1,122	1,382	331	1,078
1980	1,556	3,207	1,224	2,072	332	1,135
1981	1,832	3,056	1,499	1,864	333	1,193
1982	1,765	3,033	1,486	1,846	279	1,187
1983	2,243	3,600	1,925	2,194	318	1,406
	- - - - - - - - - - -Thousands of TEUs**- - - - - - - - - - -					
1973	190	174	106	89	34	86
1974	215	200	114	97	102	103
1975	238	226	107	93	131	133
1976	304	271	158	132	146	138
1977	321	286	188	151	132	136
1978	343	305	188	154	155	151
1979	359	311	207	167	151	144
1980	404	378	255	228	149	150
1981	428	377	277	225	151	152
1982	427	377	276	222	151	156
1983	500	450	340	266	160	184

*Comprised of overall containerized harbor tonnages
**Twenty-foot equivalents, full and empty

Source: Port of Seattle Records

Port of Seattle
Planning and Research

WATERBORNE TRADE OF SEATTLE HARBOR

(MILLIONS OF METRIC TONS)

	CONTAINER			NON-CONTAINER (BREAKBULK)			GRAIN			DRY & LIQUID BULK			PETROLEUM		
	TOTAL	FOREIGN	DOMESTIC	TOTAL	FOREIGN	DOMESTIC	TOTAL	FOREIGN	DOMESTIC	TOTAL	FOREIGN	DOMESTIC	TOTAL	FOREIGN	DOMESTIC
1920	-	-	-	2.44	.99	1.45	*	*	*	.81	.27	.54	1.49	.01	1.48
1930	-	-	-	3.90	.63	3.27	.09	.09	*	1.81	.09	1.72	2.16	*	2.16
1940	-	-	-	3.35	.45	2.90	*	*	*	1.17	.27	.90	2.72	*	2.72
1950	-	-	-	3.26	.45	2.81	.09	.09	*	1.54	.18	1.36	5.91	*	5.91
1955	-	-	-	2.44	.54	1.90	.36	.27	.09	2.26	.36	1.90	6.26	.06	6.20
1960	.90	-	.90	1.73	.72	1.01	.72	.72	-	2.99	.54	2.45	5.80	.05	5.75
1965	.36	-	.36	2.36	.90	1.46	.63	.63	-	4.17	.72	3.45	5.85	.06	5.79
1970	1.08	.45	.63	2.18	1.09	1.09	.99	.99	-	5.17	1.27	3.90	4.41	.13	4.28
1975	2.17	1.08	1.09	2.54	1.27	1.27	.90	.90	-	4.53	1.36	3.17	3.47	.12	3.35
1976	2.90	1.72	1.18	2.54	1.27	1.27	1.08	1.08	-	4.53	1.36	3.17	4.17	.22	3.95
1977	3.17	1.99	1.18	2.45	1.63	.82	.63	.63	-	4.62	1.72	2.90	4.03	.03	4.00
1978	3.53	2.17	1.36	2.36	1.73	.63	.99	.99	-	8.89	2.17	6.72	4.62	.10	4.52
1979	3.90	2.35	1.55	1.83	1.46	.37	1.54	1.54	-	6.07	2.44	3.63	5.03	.01	5.02
1980	4.80	3.33	1.47	1.50	.86	.63	2.38	2.38	-	4.82	2.02	2.81	5.81	.12	5.69
1981	4.89	3.36	1.53	1.40	.71	.69	2.40	2.40	-	5.12	2.07	3.05	4.80	.06	4.74
1982	4.80	3.33	1.47	1.27	.52	.75	1.34	1.34	*	3.66	1.60	2.06	5.09	.18	4.91

*Less than one hundred thousand

Sources: U.S. Army Corps of Engineers
Port of Seattle Planning and Research Department

Note: Due to the rounding-off, not all parts add up to the whole.

Port of Seattle
Planning and Research

WATERBORNE TRADE OF SEATTLE HARBOR

(MILLIONS OF METRIC TONS)

	ALL CARGOES			BREAKBULK			BULK		
	TOTAL	FOREIGN	DOMESTIC	TOTAL	FOREIGN	DOMESTIC	TOTAL	FOREIGN	DOMESTIC
1920	4.74	1.27	3.47	2.44	.99	1.45	2.30	.28	2.02
1930	7.96	.81	7.15	3.90	.63	3.27	4.06	.18	3.88
1940	7.24	.72	6.52	3.35	.45	2.90	3.89	.27	3.62
1950	10.80	.72	10.08	3.26	.45	2.81	7.54	.27	7.27
1955	11.32	1.23	10.09	2.44	.54	1.90	8.88	.69	8.19
1960	12.14	2.03	10.11	2.63	.72	1.91	9.51	1.31	8.20
1965	13.37	2.31	11.06	2.72	.90	1.82	10.65	1.41	9.24
1970	13.83	3.93	9.90	3.26	1.54	1.72	10.57	2.39	8.18
1975	13.61	4.73	8.88	4.71	2.35	2.36	8.90	2.38	6.52
1976	15.22	5.65	9.57	5.44	2.99	2.45	9.78	2.66	7.12
1977	14.90	6.00	8.90	5.62	3.62	2.00	9.28	2.38	6.90
1978	20.39	7.16	13.23	5.89	3.90	1.99	14.50	3.26	11.24
1979	18.17	7.80	10.37	5.53	3.81	1.72	12.64	3.99	8.65
1980	19.31	8.71	10.60	6.30	4.19	2.10	13.02	4.52	8.50
1981	18.61	8.60	10.01	6.29	4.07	2.22	12.32	4.54	7.78
1982	16.15	6.97	9.18	6.07	3.85	2.22	10.08	3.12	6.96

Sources: U.S. Army Corps of Engineers
Port of Seattle Planning and Research Department

Note: Due to rounding, not all parts add to total.

CUSTOMS REVENUE COLLECTIONS
BY DISTRICT

District	Fiscal Year 1980	1981	1982	1983	1980-83 % change
Seattle	$ 314,385,993	383,646,700	406,803,779	393,426,401	25%
Los Angeles	1,149,716,923	1,323,534,342	1,471,143,348	1,504,517,493	31%
San Francisco	403,683,390	464,960,572	520,221,090	520,130,815	29%
Chicago	283,099,443	284,145,069	299,510,842	314,799,392	11%
New Orleans	245,290,497	272,955,107	309,173,066	243,647,465	-.6%
New York	1,411,899,181	1,481,701,376	1,601,667,528	1,544,822,053	9%
Miami	124,489,786	146,413,311	139,896,819	202,790,084	63%

Source: "Customs, U.S.A.", U.S. Department of the Treasury, 1980, 1982, 1983

U.S. CUSTOMS SERVICE

FORMAL ENTRIES OF MERCHANDISE and NUMBERS OF IMPORT SPECIALIST/INSPECTORS NATIONWIDE

Fiscal Year	# of formal entries of merchandise	# of Import Specialists	# of Inspectors	Entries per: Imp. Spec./Inspector
1979	4,384,000	1,236	4,174	3,547 / 1,050
1980	4,374,000	1,219	4,165	3,588 / 1,050
1981	4,588,000	1,165	4,379	3,938 / 1047
1982	4,753,000	1,081	4,987	4,397 / 953
1983	5,314,000	1,027	*4,122	5,174 / 1,289
1984	5,617,000	1,042	*4,289	5,391 / 1,309

* 35-50 percent bypass instituted by Customs, meaning 35-50 percent of entries are not reviewed by Import Specialist, but are processed by clerical personnel.

Source: Testimony of Robert M. Tobias, President, National Treasury Employees Union, before the Senate Finance Subcommittee on International Trade, March 12, 1984.

STATEMENT OF JAMES H. McJUNKIN, EXECUTIVE DIRECTOR, PORT OF LONG BEACH, CA

Mr. McJUNKIN. Well, I certainly concur with Dick. I think what we're ending up with here on the west coast is, we're competing with each other as to who has the worst Customs Service. I think right now we're winners and he's second, but he disagrees with that.

But to reaffirm what Dick is saying, for example, Los Angeles-Long Beach contributes 17 percent of the duties collected in the United States, about $2.1 billion last year. We have four percent of Customs staff. So if you do it on a collection basis, our Customs officials are asked to be four times as efficient as the national average. I think we could survive being three times as efficient, but four is the breaking point.

I think another way to illustrate it is that there were some gentlemen from Sears & Roebuck, Montgomery Ward, and J.C. Penney's at a similar meeting in Los Angeles last year, and let me quote from Sears: "For example, our experience indicates that it takes from 2 to 20 days to clear cargo at Los Angeles, with an average of 7 to 10 working days." Can you imagine the expense of merchandise, Christmas merchandise, sitting on the docks for 20 days? Compared to an average of 1 to 2 working days at the Ports of New Orleans, Philadelphia, and Boston. And I'm sure Seattle can cite equal things.

There is a disparity in manning the west coast versus the rest of the country but, I hasten to say, I don't believe the east coast and the gulf coast are overmanned. They have their problems. There are these additional duties of the Exodus Program that Representative Bonker mentioned. There's quota merchandise; as quotas come in—for example, steel has just been placed on quota; there's going to be another tremendous burden—plus the huge growth in trade itself.

[The prepared statement of Mr. McJunkin follows:]

TESTIMONY BY

JAMES H. McJUNKIN

EXECUTIVE DIRECTOR

PORT OF LONG BEACH

BEFORE THE

WASHINGTON STATE CONGRESSIONAL DELEGATION

ON THE

ADEQUACY OF U. S. CUSTOMS SERVICE

STAFFING AND ADMINISTRATIVE ORGANIZATION

FEBRUARY 15, 1985

SEATTLE, WA

MR. CHAIRMAN, MY NAME IS JAMES H. McJUNKIN. I AM EXECUTIVE DIRECTOR OF THE PORT OF LONG BEACH, REPRESENTING THE LONG BEACH BOARD OF HARBOR COMMISSIONERS. I WISH TO TESTIFY IN MY CAPACITY AS EXECUTIVE DIRECTOR OF THE PORT OF LONG BEACH AND AS A MEMBER OF THE WEST COAST COALITION TO MAINTAIN CUSTOMS EFFICIENCY.

THE COALITION WAS RECENTLY FORMED TO ADDRESS TWO PRIMARY ISSUES: EFFICIENT STAFFING IN WEST COAST CUSTOMS DISTRICTS AND THE PROPOSED TRANSFER OF LIAISON FOR THE SEATTLE CUSTOMS DISTRICT FROM THE PACIFIC COAST REGION TO THE CHICAGO REGION.

THE PORTS IN SAN PEDRO BAY HAVE BEEN EXPERIENCING A PHENOMENAL GROWTH IN CARGO VOLUME. THIS LAST YEAR WE SAW A 46% INCREASE IN CONTAINERIZED CARGO THROUGH THE PORT OF LONG BEACH. A GREATER PERCENTAGE OF THIS CARGO IS IMPORT, FOR AS YOU MAY KNOW, THE SOUTHERN CALIFORNIA PORTS CURRENTLY EXPERIENCE A HEAVIER MOVEMENT OF IMPORTS MUCH THE SAME AS THE PNW PORTS OF SEATTLE AND TACOMA. WE ARE QUITE PROUD OF OUR CAPABILITY TO SERVICE THE IMPORTER AND CONSUMER NEEDS OF THE LOS ANGELES BASIN, WESTERN STATES AND, IN GROWING PROPORTIONS, THE MIDWEST, GULF AND EAST COAST THROUGH EXPANDING INTERMODAL CAPABILITIES.

OUR GROWTH FAR EXCEEDS THE NATIONAL AVERAGE AS PACIFIC TRADE HAS TAKEN A LEAD OVER ATLANTIC TRADE IN THE LAST YEAR. IN THE PAST FIVE YEARS, PORT OF LONG BEACH IMPORT TONNAGE HAS INCREASED 40%, CUSTOMS ENTRIES HAVE INCREASED 60%.

THE PACIFIC RIM HAS OUR FOCUSED ATTENTION, YET AS WE PLAN TO CONTINUE TO KEEP PACE WITH THIS GROWTH WE HAVE BEEN EXTREMELY CONCERNED THAT THE U.S. CUSTOMS SERVICE HAS FAILED TO RECOGNIZE OR MEET THE CURRENT NEEDS IN THE SAN PEDRO HARBOR COMPLEX. IN THE PAST FISCAL YEAR CUSTOMS ENTRIES IN THE LOS ANGELES DISTRICT HAVE INCREASED 24%, AND CUSTOMS COLLECTIONS HAVE INCREASED 42%. DURING THIS PERIOD WE HAVE LOGGED MANY COMPLAINTS FROM THE IMPORT COMMUNITY.

IMPORTER COMPLAINTS CENTER AROUND DELAYS IN CLEARING IMPORT CARGO, BOTH QUOTA AND NON-QUOTA GOODS. WE CONCUR WITH INDUSTRY EXPERTS WHO INDICATE THAT THESE DELAYS ARE PRIMARILY CAUSED BY AN INSUFFICIENT NUMBER OF CARGO INSPECTORS AND QUALIFIED IMPORT SPECIALISTS. THIS STATEMENT IS NOT NEW! WE HAVE FOR MANY YEARS FELT THAT THE U.S. CUSTOMS SERVICE HAS NOT ADDRESSED THE FACT THAT THE INCREASING VOLUME OF CARGO THROUGH OUR PORTS REQUIRE ADDITIONAL STAFF. WE BELIEVE THE LOS ANGELES CUSTOMS DISTRICT DIRECTOR, HOWEVER, HAS MADE EVERY EFFORT POSSIBLE TO MEET THE INCREASING DEMAND FOR SERVICE, BUT AT THIS TIME, SIMPLY DOES NOT HAVE ENOUGH STAFF IN THE DISTRICT TO DO THE JOB.

THERE APPEARS TO BE AN INEQUITABLE DISTRIBUTION OF EXISTING CUSTOMS STAFF. WE NOTE THE COMPARISON OF 104 INSPECTORS IN THE SAN PEDRO HARBOR, COMPARED TO 500 IN THE NEW YORK/NEWARK SEAPORT DISTRICT!

WE BELIEVE MORE STAFF IS NEEDED IN THE LOS ANGELES DISTRICT TO SPEED CLEARANCE OF ENTRYS, QUOTA CLEARANCES AND CARGO INSPECTIONS. WE BELIEVE THAT NEARLY 150 ADDITIONAL POSITIONS ARE REQUIRED TO MEET THE PRESENT TRAFFIC DEMAND IN THE DISTRICT. (SEE ATTACHMENT F).

IT SHOULD BE NOTED THAT THE INCREASE IN OUR TRAFFIC FLOW, PLUS THE ADDED FACTOR OF ADDITIONAL QUOTA RESTRICTIONS THIS YEAR, WILL ADD UP TO NEW LEVELS OF WORKLOAD DEMAND AND THEREFORE, ANY USE OF HISTORIC MEASURES OF STAFFING IN THE DISTRICT MUST TAKE THIS INTO ACCOUNT. WE HAVE HEARD THAT WE CAN EXPECT AT LEAST A 400% INCREASE IN ITEMS REQUIRING QUOTA CLEARANCE THROUGH THE PORT THIS YEAR. THE CLEARANCE OF QUOTA GOODS THROUGH THE LOCAL DISTRICT OFFICE TAKES SUBSTANTIALLY LONGER THAN THE CLEARANCE AND RELEASE OF NON-QUOTA GOODS.

OUR CARGO PROJECTIONS INDICATE A DOUBLING IN TONNAGE IN THE NEXT 10 YEARS: THE U.S. CUSTOMS SERVICE IS APPROACHING THE FUTURE PROPERLY THROUGH THE STUDY AND INAUGURATION OF COMPUTERIZED PROGRAMS SUCH AS ACS, ABI AND AMS. THE PORTS APPLAUD THEIR PROGRESSIVE THINKING AND WILL SUPPORT THE CUSTOMS SERVICE WHERE EVER POSSIBLE IN THIS ENDEAVOR, HOWEVER, THE COMPUTERIZED STRUCTURE OF TOMORROW IS NOT HELPING TO MEET THE CURRENT TRAFFIC FLOW DEMANDS OF TODAY. THE INCREASE IN CARGO EXCEEDS THE IMPLEMENTATION OF AUTOMATION. WE NEED IMMEDIATE ATTENTION TO THIS STAFFING ISSUE OR WE WILL SEE OUR PRESENT IMPORTERS DIVERT THEIR CARGO TO OTHER PORTS, WHERE U.S. CUSTOMS STAFFING IS ADEQUATE AND ABLE TO ENSURE A REASONABLY QUICK CLEARANCE OF IMPORTS.

ON THE ISSUE OF SEATTLE DISTRICT TO REGION REPORTING, WE SUPPORT THE MAINTENANCE OF THE SEATTLE DISTRICT UNDER THE PACIFIC REGION TO ENSURE THAT SEAPORT ISSUES CAN BE HANDLED EFFICIENTLY, WITHIN ONE REGION. OCEAN CARRIERS INTERESTS, AS WELL, POINT TO THE ADVANTAGES AND MAINTENANCE OF THE PRESENT ALIGNMENT AS CARRIERS CAN COMMUNICATE THROUGH THEIR LOCAL DISTRICT, WHEN NECESSARY, TO ONE REGIONAL OFFICE. THIS IS EFFICIENT AND MINIMIZES THEIR COSTS.

WE THEREFORE BELIEVE THAT IF ALL PACIFIC PORTS REMAIN UNDER THE SAME REGION - THE "PACIFIC REGION", MARITIME ISSUES MAY CONTINUE TO BE MORE EFFICIENTLY HANDLED BY THE U.S. CUSTOMS SERVICE. WE SUPPORT THE NORTHWEST PORTS ON THIS ISSUE.

LIKEWISE WE SUPPORT THE NORTHWEST PORTS ON THE ISSUE OF DEVELOPING APPROPRIATE STAFFING LEVELS WITHIN THE WEST COAST CUSTOMS DISTRICTS. THERE LIES OUR OBVIOUS LINK WITH THE PORTS IN THIS AREA, WE BOTH SUFFER CUSTOMER DISASTISFACTION AND COMPLAINTS CAUSED BY DELAYS IN CARGO CLEARANCE.

WE WOULD LIKE CONGRESS TO DIRECT U.S. CUSTOMS SERVICE TO INCREASE THE NUMBER OF CUSTOMS PERSONNEL IN ALL COMMERCIALLY ORIENTED JOBS (INSPECTOR, IMPORT SPECIALIST AND CLERICAL FUNCTION) TO BRING WEST COAST PORTS TO AN EQUITABLE BALANCE WITH THE REST OF THE COUNTRY.

WE BELIEVE IT NECESSARY TO ESTABLISH AN ANNUAL SYSTEM OF REVIEW TO CONTINUE TO PROVIDE PRORATE INCREASES OF PERSONNEL DIRECTLY RELATED TO FUTURE GROWTH IN THE VOLUME OF COMMERCIAL TRADE.

WE LOOK FORWARD TO A PROPOSED GAO STUDY ON THE QUESTION OF EFFICIENT CUSTOMS STAFFING IN HOPES THAT THIS MAY BRING ABOUT EQUITABLE TREATMENT OF THE WEST COAST CUSTOMS DISTRICTS.

ON FEBRUARY 14, AN INFORMAL FIELD INVESTIGATION AND BRIEFING WAS CONDUCTED IN LOS ANGELES WITH REGARD TO CUSTOMS STAFFING. PRESENT WERE CONGRESSMAN EDWARD R. ROYBAL, CHAIRMAN OF THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON TREASURY-POSTAL SERVICE AND GENERAL GOVERNMENT, CONGRESSMAN GLENN M. ANDERSON OF THE LONG BEACH/ LOS ANGELES AREA, MR. A. R. DeANGELUS, DEPUTY COMMISSIONER AND REGIONAL STAFF MEMBERS OF THE U.S. CUSTOMS SERVICE. I HAVE HEREWITH ENCLOSED SEVERAL FACT SHEETS THAT WERE USED IN THAT BRIEFING AND SUBMIT THEM AS PART OF MY PREPARED TEXT.

THANK YOU.

ATTACHMENTS

A. CUSTOMS REGIONAL STAFFING AND LOS ANGELES DISTRICT PERCENTAGE.

B. THE LOS ANGELES CUSTOMS AND FREIGHT BROKERS ASSOCIATION, INC. FEBRUARY 14 STATEMENT.

C. TRADE PAPER ARTICLE: "ACCEPT UNACCEPTABLE?", PACIFIC TRAFFIC MAGAZINE, DECEMBER 1984.

D. TRADE PAPER ARTICLE: "A CRUSH AT CUSTOMS", TRANSPORTATION 2000 MAGAZINE, DECEMBER 1984.

E. U.S. CUSTOMS COLLECTION COMPARISON, STAFF TO REVENUE, LOS ANGELES TO NEW YORK/NEWARK.

F. ESTIMATE OF PERSONNEL NEEDS FOR THE LOS ANGELES CUSTOMS DISTRICT.

Attachment A

U.S. CUSTOMS SERVICE

Regional Staffing (Current, January 1985)

Pacific Region

District	# Inspectors	#Import Specialist	# Other Staff	Total
Seattle	162	35	108	305
Portland	29	10	24	63
San Francisco	150	42	159	351
Los Angeles	295	94	165	554
San Diego	248	13	59	320
Honolulu	101	8	57	166
Other Areas	X	X	X	X
Total	1015	202	1181	2398
Los Angeles % of Region Staffing	29%	46%	14%	23%

Attachment B

THE LOS ANGELES CUSTOMS AND FREIGHT BROKERS ASSOCIATION, INC.

PLEASE REPLY TO _____

STATEMENT ON BEHALF OF
THE LOS ANGELES CUSTOMS & FREIGHT BROKERS ASSN., INC.

February 14, 1985

The Los Angeles Customs and Freight Brokers Association was incorporated in 1949. It has become increasingly active during the past decade, in a greater effort to protect the interests of its members. Today, there are 120 Customs Brokers/Freight Forwarders maintaining active membership in the association.

During the past decade, it has been our pleasure to watch the volume of import traffic increase steadily. Formal and informal entries filed at the harbor have risen 154%, and collections at the harbor have risen 330% in that time.

During the past decade, it has also been our displeasure to see (especially during the past four years) a decreasing staff. The number of inspectors, commodity specialists and support clerical personnel has declined during the period when the increases in volume were greatest. Customs' efforts at computerization to augment personnel have been disappointing, at best; programs in place have not kept pace with import traffic, and programs on the horizon can not deal with existing traffic, let alone further increases, because they will not be in place for years.

We want to make it clear that the staffing shortage in Los Angeles and Long Beach harbors can not be attributed to the District. Perhaps it can be said that aggressive requests for additional personnel to adequately fulfill its mission have not been voiced, but this is probably related to the usual official reaction by Customs Headquarters to such demands -- threatened reassignment to an unpleasant area.

We have informed Customs Headquarters and members of Congress many times of the staffing shortage in Los Angeles. We have provided statistics which show that Los Angeles has consistently received less support from Headquarters than other ports in the United States. Charts have been prepared to document this, and among the interesting statistics are:

1. The seaport of New York handles roughly double the formal entry workload of the seaport of Los Angeles/Long Beach, yet has five times as many inspectors.

2. The seaport of San Francisco handles less than one third the formal entries handled by Los Angeles/Long Beach, yet has three fourths as many inspectors.

3. In the past five years alone, formal entries filed at Los Angeles/Long Beach harbor have increased 47% and collections have increased 87%, with no comparative increase in staff.

It should be noted that there are no In Bond entries included in the aforementioned figures, a tactic used by some other ports; further, the figures refer to the harbor, not the airport, and are compared to other harbors.

We have mentioned that Customs' computerization efforts have been disappointing; ACCEPT is a good example. This association cautiously agreed to support the program, with the understanding that the Los Angeles District would be able to hire data input clerks to operate the terminals. All of those positions were cancelled, resulting in the use of Inspectors to operate the terminals. This negated one of the major benefits of the program (freeing up Inspector manpower to do more and better examinations) and forces Customs into using high salary level inspectors to perform low salary level tasks. Again, this course of action was forced on the Los Angeles District.

We know of instances where the Los Angeles District has simply been instructed to perform a task within a given number of hours. Such instructions are pointless, when the obvious statistical need for additional manpower is considered. Los Angeles is already processing more entries and more money per inspector and commodity specialist than other ports in the United States. The import activity in Los Angeles has increased 28% in the first quarter of fiscal 1985, but we are being faced with yet another cut in manpower.

Customs Headquarters has not been responsive to our written communication, nor to that of any other group, concerning staffing. It has consistenly allowed the steady increase in activity to continue with no comparative increase in the District's resources to handle the load. It continues to show unsatisfactory interest in one of the biggest districts in Customs, so we in the Customs Broker industry earnestly ask for help from our elected representatives in Congress. We ask for this help in these areas:

1. Formal Congressional hearings should be held in Los Angeles, to satisfy Congress that our statistics are genuine. We know that they are and the record will support them.

2. An adjustment in the number of trade related Customs personnel should be made to bring this district up to a level comparable to other districts.

3. Procedures should be established by Congress to insure that the balance of manpower stays balanced, based on trade statistics.

It is not our intent to sound like alarmists simply for shock value. The situation happens to be truly alarming. The continued failure by Customs Headquarters to respond to the shortage in personnel in this district has not only had a deleterious effect on the importing community, it has created a morale problem among inspectors and operations personnel. They have been assigned an impossible mission, without effective support for action.

ACCEPT Unacceptable?

GOVERNMENT MACHINERY NOT MEETING OBJECTIVES

POLITICS AND MANAGEMENT CITED AS PROBLEMS

By Michael D. White

My memories sometimes shift back to the day years ago when my father came home from the drugstore with a package of cigarette papers, a pouch of tobacco and a curious little machine that resembled a cross between a miniature offset printing press and a weaving loom.

I stared in silent wide-eyed wonder as my dad set the machine on the kitchen table and prepared for what seemed to be a ritual.

Carefully, he moistened the edge of one of the small squares of paper and delicately inserted one of its edges into the machine. He shook some tobacco from the pouch onto the paper, spreading it out with his finger. "Watch," he said as he pulled the little handle on the side of the miniature press.

I watched enthralled, but what came out of the other end of the contraption wasn't what either my dad or I had expected. Instead of a neatly rolled cigarette ready for lighting, a shredded compost of paper and tobacco spilled out onto the formica.

Shifting his resigned gaze from the little heap to me, my father said with a sigh, "Remember, son, when you think you've got it all together and run it through the works, what you expect isn't always what comes out."

On November 5, after several postponements over the past ten months, the U.S. Customs Service implemented the computerized ACCEPT (Automated Cargo Clearance Enforcement Processing Technique) program in the Los Angeles Customs District, which encompasses the entry ports of Los Angeles/Long Beach, Las Vegas and Port Hueneme.

The program is designed, simply, to "help Customs make better decisions as to which import cargoes should be inspected and which needn't be," according to Aileen F. Colon, deputy assistant director of the Los Angeles Customs District and coordinator of the district's ACCEPT program.

Conceived at Customs headquarters in Washington, D.C., ACCEPT has been put into operation at approximately twenty-four other ports across the country including Philadelphia, Chicago, Baltimore, New Orleans and Houston, as well as Seattle, Portland, Oakland, San Francisco and San Diego on the west coast.

Basically, before the ACCEPT program took effect, the documentation accompanying an import shipment was relayed from the customhouse broker handling the shipment to the U.S. Customs inspector on hand at the dock. The inspector then had the power to make a discretionary decision as to whether or not a cargo should be inspected.

Acting on the inspector's decision, the documentation would then be processed and the cargo released or inspected.

Under the ACCEPT scheme, the discretionary decision-making power of the on-site inspector is supplemented by the use of a programmed computer system that is intended to speed up the entry process and release cargo "faster and more efficiently."

According to the plan, the entry paperwork, after being processed by the broker, is delivered to one of the five ACCEPT sites operated by Customs in the Los Angeles District area.

The sites are located at the customhouse on Terminal Island; the World Trade Center in downtown Los Angeles; Los Angeles International Airport (because of the high number of customhouse brokers located near the airport); Long Beach Harbor and Los Angeles Harbor. Only ocean cargoes are currently affected by the ACCEPT system. Air import cargoes will come under the program within two years.

At the sites, none of which is located where the incoming cargoes are actually located, Customs inspectors enter

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ACCEPT Unacceptable?

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the information on the cargo documentation into the computer system which then compares that information with data that has been programmed into the computer for the purpose of evaluation and analysis.

Such data programmed into the ACCEPT computer includes the names of brokers that have had a high incidence of cargoes requiring inspection in the past, importers having a large number of improperly completed documents, and so on.

The computer then reviews the programmed data with the information input by the inspector and makes the decision as to whether or not an inspection is required.

Up until November 5, the date of the ACCEPT implementation, approximately three percent of the entries processed by Customs were subject to examination.

How that figure will be affected by ACCEPT is open to question depending on who is answering the query.

According to the optimistic predictions released by Customs prior to November 5, the number of cargoes subject to "intensive examination," which is defined as anything from a simple viewing of the cargo to the complete devanning of a container, will only rise to four or five percent.

On the other hand, the Los Angeles Customs and Freight Brokers Association (LACFBA), which has a close interest in the ACCEPT program, has forecasted an increase of up to 12 percent.

"This is a workable program," Colon states. "With a port system as large as Los Angeles/Long Beach, there are bound to be some initial start-up snags."

What are some of those "snags" and who do they affect? Again, it depends on who you ask.

"The whole thing is an ungodly mess," says a spokeswoman for a large southern California beverage importer. "We've had shipments sitting on the docks since the beginning of the month that haven't even been cleared yet. The Christmas season is here, our customers are screaming at us and the demurrage charges are killing us."

Demurrage is the penalty charged to the shippers or receivers of freight, usually at a stated dollar sum per day, for storage of a container or other cargo beyond the free time for loading or unloading.

"We're really lucky that the steamship lines have waived their demurrage fees for the time being, but it's the delays in the Customs' processing of the documentation that's really costing us a lot."

She estimated that her company is paying approximately $1000 a day in penalties because of delayed cargo clearance. "That's $20 to $30 a day per container, and that's just for thirty containers unloaded from just one ship," she added.

When ACCEPT came on line, Customs anticipated slight delays in the processing of documentation. An original estimate of two days was made with the understanding that when the program was fully operational and "had all the bugs worked out," brokers could expect their documentation to be in and out within four hours.

However, since the program was implemented, the Los Angeles Steamship Association, which represents approximately sixty steamship agents and operators that use the ports of Los Angeles and Long Beach, has stated that the delivery of cargo has been cut by 40 percent. That figure includes the delay of perishable cargoes that are frozen or refrigerated.

A top level executive of a large electronics manufacturer located south of Los Angeles expressed equal concern.

"Our position as a manufacturer is being deeply effected because we rely so heavily on spare parts that come in from the Far East. That puts us in a really vulnerable spot. There's a chronic shortage of spare parts worldwide anyway, and to have our shipments delayed because of what I feel are avoidable procedural problems compounds our burden enormously," he argues.

"There have actually been a couple of cases where the documentation accompanying several of our shipments has been shifted from one ACCEPT site to another with no one being told about it. That really messes things up because a messenger will have to chase around from one site to another with the paperwork, trying to find out who's on first'."

At one point, the ACCEPT site at the World Trade Center actually ceased accepting documentation because the mere handful of personnel there was unable to handle the deluge of paperwork.

According to one source, Customs completely misjudged the number of entries to be processed and filed at the World Trade Center site and left the office understaffed even though four of the largest brokers in Los Angeles (L.E. Coppersmith & Co., Cal-Asia International, Norman Krieger, CHB; and the James G. Kilev Company) are located within blocks of the World Trade Center.

The source added that all of the documentation at the World Trade Center ACCEPT site "was just bundled up and sent down to the customhouse on Terminal Island."

"I think it goes without saying that any new system is bound to have its problems," observes Colon. "There are procedural changes that need to be made that we really have no control over and, to a certain degree, things would be going much smoother for some importers and brokers if they had taken advantage of the meetings we (Customs) held to explain the system."

The meetings Colon alluded to were held in the months preceding the start-up of the ACCEPT program at locations in the Los Angeles Customs District.

According to Colon, advance notice for the meetings was made through various trade organizations and more than 1000 individuals attended the instructional seminars. "Even so," Colon added, "there were still a large number of brokers and importers who just didn't attend."

Arthur Litman is president of Castelazo & Associates, one of the largest customhouse brokers in Los Angeles, and is a member of the customs committee of the National Customs Brokers and Forwarders Association of America.

He has spent considerable time over the last year analyzing input from brokers, importers and Customs regarding the ACCEPT program and has discussed the implementation of the program with Customs officials in Washington.

"The problem in the Los Angeles District is incredibly simple," he says. "There just isn't enough trained clerical help to handle the tremendous load of documentation that the program generates. Customs has trained inspectors doing the work that should be done by entry clerks and computer operators. The ports of Los Angeles and Long

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ACCEPT Unacceptable?

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Beach are woefully short of Customs inspectors as it is, and to burden them with the additional job of actually entering the documentation is just not a good idea."

Several months ago, Litman related, a delegation of customhouse brokers operating in the Los Angeles District suggested to Customs that, rather than having only five sites for the entire District where information could be entered into the ACCEPT computer system, each dock or container yard be equipped with a terminal "to at least cut down on the legwork involved in moving the paperwork all over the place."

The recommendation was turned down, according to Litman, because of "a lack of funding" from Washington.

"I really feel that the district headquarters here is doing all it can with what it has, but for some reason, the decision was made to put the ACCEPT program into effect here without the adequate manpower needed to do the job," he added.

That feeling is echoed by John Peterson, president of Wayne Withrow & Company, a large, San Pedro-based customhouse broker and president of the Los Angeles Customs and Freight Brokers Association.

"This is a real touchy subject with the Los Angeles District and it's really not their fault. The decisions regarding staffing are made back in Washington and those people are sometimes so far removed from what's going on out here that they really have no conception of what the Southern California international trade community needs," Peterson commented.

"Last year," he continued, "the Los Angeles/Long Beach harbor system had almost 700,000 formal entries processed by only 100 Customs inspectors. New York seaport had about the same number of entries handled by almost 400 inspectors. The galling thing is that New York just got 75 more inspectors and the L.A. District hasn't had an increase in manpower in almost 20 years."

He added that, as recently as mid-October, Los Angeles area brokers were told that no additional inspectors would be allocated to the Los Angeles Customs District, even though the ACCEPT program was expected to heavily strain the existing Customs work force.

What about additional clerical help to staff the five ACCEPT sites and operate the computer system?

At a meeting of the LACFBA held in mid-November, just two weeks after the program went into effect, Alice Rigdon, director of the Los Angeles Customs District, stated that the hiring of sixteen computer clerks that had been proposed before November 5 had to be shelved because of "a lack of budget funding."

The Customs Service, like any other U.S. government agency, is funded through revenues collected by the federal government.

"You'd think the fastest growing port system in the entire country would be treated with a little more creative thinking," says Peterson. "It's almost as if they (Customs in Washington) think we're still fighting Indians out here."

The growth that Peterson refers to is truly phenomenal. The U.S. Customs Service last year collected more than $2 billion in revenue from the imports that cascaded through the port system of southern California from all over the world, especially the Far East. That figure put Los Angeles/Long Beach on an unchallenged par with the traditional leader of the pack, the giant Port Authority of New York/New Jersey.

Port expansion projects and the resultant international trade growth in the greater Los Angeles basin make southern California, and its "door to the Pacific Basin," the most rapidly growing trade area in the nation. The trade generated by the ports of Long Beach and Los Angeles add up to a combined total that far outpaces all of the other ports of the U.S. west coast combined.

One suggested solution to the problem is the possible transfer of personnel from Customs districts with less traffic to the beleagured Los Angeles/Long Beach area.

Has that suggestion been made to Customs?

"It certainly has," commented one informed high level source at a major Los Angeles aerospace concern who wished not to be identified.

"This is an intensely political solution," he stated. "The people in Customs here won't say anything to the people back in Washington that will make them look as if they can't handle the work with what they've got."

That means, he continued, that "nobody is going to say anything that might compromise their position. There isn't a Customs district in the country that would allow inspectors to be taken away from their areas and reassigned. There are Customs districts that have worked themselves into a pretty nice state of comfortability. One district may have two or three times the number of inspectors and clerical staff that it really needs and everybody is happy because all the documentation is processed swiftly and efficiently."

"Politics really does play a big part in what Customs can and can't do," he added. "I personally know of a Customs import specialist that was slated to be reassigned to Scottsdale, Arizona, from her spot in Phoenix. Her move was part of a proposed plan to consolidate the responsibilities of specialists in certain commodity lines."

"Motorola in Phoenix got wind of the plan and was really upset because the specialist to be transferred handled their paperwork quickly and the company didn't want to have to work with another person or have its paperwork shuffled in far-off Scottsdale."

"The company contacted its Washington lobbyist who had a talk with Arizona Senator Dennis DeConcini. The Senator happens to sit on the committee that plays a crucial role in approving and amending the Customs Service's annual budget."

"Needless to say," he concluded, "the specialist stayed in Phoenix."

The bottom line is that "Customs has been put into the position of 'either it's going to work or it's going to work' here in Los Angeles," summed up Litman of Castelazo & Associates. "That kind of attitude is very hard to live with."

With the hiring freeze now affecting Customs it seems likely that the Los Angeles Customs District will have to make do with the number of inspectors it currently has, and that importers and customhouse brokers will have to, at least for the time being, ride out the storm that has clouded over them.

At least, that is, until Washington deems it worthwhile to educate itself on the needs of the international business community in the Los Angeles area. ■

A Crush at Customs

Badly positioned manpower holds up intermodal shipments 8 to 10 days

In newspapers throughout the Ohio area recently, there ran a correction to an advertisement run by the Sears, Roebuck and Company. Nothing much was wrong with the ad that ran, except that the merchandise wasn't available. Forgive us, please.

The manager of a chain store in Dallas late this summer had to wrestle a gun away from a man who had demanded to pick up a barbeque – it was a month late, and the man – who had gone down to the store on three previous occasions – had run out of patience.

At a meeting of the Western Traffic Conference in Los Angeles, a group of shippers suddenly became ugly when the conversation turned to the U.S. Customs Service.

So what do these three items have in common? The U.S. Customs Service.

In the past year, import orders have grown so strong that the government agency's work force has been strained beyond reasonable limits to get the job done and process the containers out of the various ports.

What used to take four to five working days now takes twice that amount of time. That is, getting the merchandise on the way to the consignee.

And so what does this mean? Well, if you're in charge of a department store, it can mean a fresh case of ulcers or worse.

With the Christmas season shipping season just finished, retailers around the nation are reporting that the crunch has been so bad that it will reflect in yet-to-be-released fourth quarter sales figures.

"You have to understand," explains a Montgomery Ward advertising and marketing man, "the entire process was thought through many months ago and then is changed, but only in a small way as the months go by. Making this decision costs millions of dollars. We have to talk to our buyers in other countries, make orders and then figure out how to get the goods here and properly market them so they'll move. And don't forget, it took us a lot of time and money to figure out what we were going to order."

With this tried and true retailing scheme in place, you'd think everything would work out just fine. It usually does.

But with a crunch at West Coast ports, the merchandise sits. And sits. And still sits.

Like the old domino theory, this version really works. Because the con-

signees call the brokers, the brokers call Customs and, well ... the sit continues.

On top of this, the ocean container carriers, ports, railroads and truckers, then find themselves with a horrible backlog and a hopeless logistical problem.

From Customs' standpoint, everything that can be done is being done. S.O.P.

Customs likes to point out that it is operating a lean machine, saving U.S. taxpayers millions of dollars. And it is discovering the computer.

Yes, the computer. The catch-all and end-all to all problems.

The ACCEPT program, now being phased into most ports around the country --Automated Cargo Clearance Entry Processing -- is the wave of the future. And Customs officials say this will clean up the mess.

One West Coast port man, not wanting to be named, simply says, "How do you inspect the inside of a container with a computer?"

You don't, of course. And therein lies the problem. Customs is apparently trying to put out a forest fire with a bucket of water.

Consider this: Figures just released for Fiscal Year 1984 show that containers processed for the Los Angeles/Long Beach area were 701,844. Containers processed in the New York/New Jersey area were 672,951. In Los Angeles, a total of 295 inspectors handle the load. While New York/New Jersey, which recently added 100 inspectors, now has 850.

"It's a clear case of overkill," comments one disgruntled port executive. Port officials don't like to talk on the record about the Customs Service. The situation can become sticky.

So why doesn't Customs hire more inspectors? Or simply transfer some to handle the growing problem?

No one at Customs is entirely certain why this hasn't been done. And no one appears too anxious to discuss the matter.

But before you draw any conclusions, you must consider that during last year's federal budget hearings, Customs rejected a House plan to increase Customs' allocation by $40 million.

Armed with this information, a reporter attempted to find some answers. The answers were not easy to find and even harder to simply ask the question.

Calls to headquarters in Washington, D.C., produced a constant stream of return calls from assistants who either referred the matter to another assistant or said that they'd look into the matter. Calls to top-level bureaucrats produced nothing. Not even a return call.

And some of the assistants said the problem was purely a regional matter to be handled on the West Coast. When it was pointed out that more than half of all the cargo arriving at West Coast ports was for national distribution, such thoughts were received with a shrug.

Calls to Los Angeles offices brought less results than the calls to Washington. On one day in November, 18 calls were placed to Customs' main L.A. number, (213) 688-5900. Of those calls, the line was busy 17 times. The one call that went through resulted in a referral to another number.

From an importer's point of view,

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things could not get much worse. Since the problem is beginning to cost them money, Washington can soon expect to see a unified group of retailers marching angrily into Congress, screaming for changes in the operation.

At least six major trade groups in the Los Angeles/Long Beach area are on the verge of doing something rather dramatic to emphasize their point.

"They've simply got to increase staffing," says Jack Aden, manager of traffic and transfer for the Broadway Department Stores, part of the Carter, Hawley, Hale group.

Aden, who moves his freight – about 75 40-foot boxes a month – throughout stores in the Southern California area, says the conditions are miserable and getting worse.

As head of the Western Traffic Conference, Aden says that a recent meeting showed unanimous support by its membership to change the status quo.

If Aden's headaches are severe, then his counterparts at Sears, Penny's, Ward's and K-Mart, must be critical. Those chains move from 300 to 500 40-foot boxes through Los Angeles/Long Beach area monthly and most of the freight has to face yet another move to outlets in various parts of the country.

There has been talk of diverting cargo from the crowded ports of Los Angeles and Long Beach. But the problem is, where will it go?

All of the ports along the West Coast, with the exception of the San Francisco/Oakland area, have the same problem.

For example, while 231,497 containers were processed through the Seattle/Tacoma area in Fiscal Year 1984, 210,309 moved through S.F./Oakland during the same period.

Yet Seattle has fewer inspectors than does San Francisco.

"I think this is the first time ever that more containers were processed in an area outside of New York," says Ted Rausch, head of Ted Rausch & Co., a San Francisco-based freight forwarder and broker. "Someone in Washington had better wake up."

The trend is one that has been growing and shouldn't have caught anyone by surprise. It's only been the recent explosion of imports that has broken the back of Customs in Los Angeles.

As the Broadway's Aden points out, import volume has increased by 150 percent in the last year. And that would strain anyone.

The most interesting aspect of this development, however, is that while it caught Customs flat-footed, private industry carriers saw the avalanche coming and added staff and equipment. To the frustration of the carriers, however, the job has remained a difficult one because everything has become an emergency move.

"When everything's a priority, then something has to give," said one steamship man, looking at his activity board. "I hope it's not me."

He looked around, hoping no one would notice, and said almost conspiratorily, "But you'd better write to your congressman or President Reagan. These guys at Customs don't give a damn. And besides, they can make life more rough than it already is."

And that closes another chapter on the happy life of getting along with your government agency. ■

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A new world-class barge has entered the Caribbean trade. The 730 Stretch. At 730 feet long and 100 feet wide, the new triple-deck vessel has a capacity of 512 trailers in all sizes, including 48-ft units. It is the largest RO/RO barge in the world.
Trailer Marine Transport Corporation is converting five 400-ft-long barges to the new 730-ft length by the addition of 330-ft mid-body sections. All five will be in TMT service to Puerto Rico by the end of the year.
Besides the new stretch barges, TMT utilizes four 580-ft triple-deck barges, now the world's second largest RO/RO barges.
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Attachment E

U.S. Customs Collections Comparison

Total U.S. Customs Collections for Fiscal 1984 equaled $12,541,399,696.

The Los Angeles Customs District Collections equaled $2,170,476,947 or 17% of U.S. Collections.

The U.S. Customs Service presently has approximately 14,000 total staff. The Los Angeles District has 554 or 4%.

Four percent of the U.S. Customs Service staff, the Los Angeles Customs District, is directly responsible for collecting 17% of the revenue for the Service.

In comparison, the New York/Newark Seaports District employs a staff of 1,085 or 7.8% of the total Customs Service. With collections for FY 1984 equaling $1,795,525,326, this District's percentage of total U.S. Customs Service Collections equals 14.3%.

7.8% of the U.S. Customs staff, the New York/Newark Seaports District (not including Regional enforcement offices assigned to the District), is directly responsible for collecting 14.3% of the revenue for the service.

Although this may indicate certain efficiencies exist in the Los Angeles District, this thought should be dispelled based on the logged complaints from importers reflecting the "up to 10 and 20 day delay in clearing cargo from the port."

ATTACHMENT F

JULY 30, 1984

ESTIMATE OF ADDITIONAL PERSONNEL NEEDS - LOS ANGELES/LONG BEACH

(COMMERCIAL OPERATIONS)

	SEAPORT	AIRPORT
INSPECTORS	35	25
QUOTA AND OPERATIONS CLERKS	15	10
INPUT CLERKS (ACCEPT)	18	-0-
COMMODITY SPECIALISTS	25	6
	93	41

TOTAL PERSONNEL URGENTLY NEEDED IN LOS ANGELES/LONG BEACH DISTRICT FOR COMMERCIAL OPERATIONS: 134

Senator GORTON. Congressman Roybal, we'll start with you.

Representative ROYBAL. Thank you, gentlemen.

I'm going to ask rather a broad question of both of you and see if any one of you three can give me some guidance.

For the last 4 years there has been a constant reduction in personnel recommended by the administration. The committee, on the part of the House and also on the part of the Senate, has resisted those cuts and been able to restore those cuts. The truth of the matter is, we've had no help from Customs nor from any of the personnel coming from Customs. The committee has been almost alone in what we have been doing.

Now, with that background, is there a formula that can be used to determine the number of personnel that is needed at any given location?

Mr. Ford. Maybe I could start. I have an expert coming in on another one of these panels from my airport, but I'd like to speak about aviation.

United Airlines was good enough to make available to us their computer programs which deal with queueing problems, and you can plug into that information, the kinds of requirements that are needed to take care of passengers at an airport, pretty well. And I think we have those figures; we've supplied them to Customs. We've tried the same negotiations, Congressman, and gotten nowhere. But the numbers are used generally by industries that have similar types of problems—people coming through in a queueing arrangement. I think we could supply those rather quickly for you, with the concurrence of the airline industry.

Now, the waterfront is a little more difficult, but even there we can give you some raw numbers. One of the things that has to be recognized, though, is that for a facility to open up on the waterfront at all, they've got to have Customs Service. With the new ACCEPT Program and inspection units that can move around on a basis of demand, Customs may be making more efficient use of its staff. But we could give you the numbers, certainly, for our harbor on how many people we think they need, and I think we can give you the justification.

Representative ROYBAL. I would appreciate, of course, receiving the numbers you would be recommending for your harbor. But what I'm trying to establish is whether or not a formula can be developed, if there is not one in existence, that one can use so that one can say to customs officials, "According to this formula, this area needs x number of employees; this area needs that number," and so on, because we're going to have to come up with some kind of presentation that has to be made based on some logical reason. And up to this moment, I don't find that we have such a formula.

I'm asking an expert, now, can such a formula be developed?

Mr. Ford. Well, the answer is, if you're trying to develop a sort of a simple, all-purpose formula, I don't think so. I'm talking like a bureaucrat now because I am one; in fact, I even used to work for the Treasury Department, so I know some of their mentality as well. [Laughter.]

But I think you have to look at the unique problems, and perhaps that can be set within some sort of a framework. But I keep going back to the airport because I think it's the simplest example.

We happen to have, at our airport, a high flow of people between 9 o'clock in the morning and noon, so you have to look at the peaking, you have to look at a lot of things. I think this is part of the problem, and Mr. Von Raab and I have debated this issue on platforms before. I think he has snowed the Congress; rather than doing his job as the Administrator of the Department and coming to you with the kinds of criteria you need to make an intelligent decision, he's putting you in the corner, saying "we've got to have this sort of general formula to deal with everything." I'm sure that is one of the issues that a port like Long Beach faces—it depends on the type of trade, Congressman. We're getting a higher percentage of quota merchandise——

Representative ROYBAL. May I interrupt you at this point? Neither the Commissioner, Von Raab, nor anyone else in the department of Customs has ever presented to us any particular formula. Had that been the case, we would have something to argue against or something that we could base our change of opinion on with regard to it. I'm just asking whether or not it is possible to develop one. For example, McDonald's—they know exactly how many employees they will need, how many people they will need every hour of the day. I realize that Customs is perhaps not that simple a situation, but there must be something that we can develop so that we can say, we generate so much money coming into Treasury; we have this kind of shipment load; and taking all these things into consideration, we are entitled to so many employees. And that's what I'm trying to get at, because I'd like to have something as a lay person that I can use to impress Customs with two things. One is, do you know what we're talking about? The second is that the need is there. Those are the two things that I think we have to be working on.

This is where the frustration is. I don't remember, Congressman Dicks, whether you were responsible for it or not, but several years back there was an item put in the appropriation that Customs was to come back with some manning criteria. And I think, Norm, you had something to do with that.

Representative DICKS. Well, as far as I know, it never came back. And I have enough trouble trying to run my own shop; I don't want to run Customs, too, but, by God, we'll put something in there that makes some sense and get it to you because I agree with you. Congress does need some criteria to work with.

Senator GORTON. Congressman Bonker, would you like to——

Representative BONKER. Well, I think the witnesses have stated the case very clearly. It's not just regional; it's national in scope. But just for the benefit of the record—and Congressman Roybal, who chairs the committee that has jurisdiction over the Customs budget—in the last few years we've had plenty of news coverage on this problem, and here are a few of the headlines: "Is Sea/Tac Getting a Bad Reputation for Its Customs?"; "Customs Delays Hurt Trade Here"; "Critical Shortage of Customs Officers"; "Customs Crunch Requires Relief"; "Sea/Tac Delays"; and it goes on and on. And, obviously, there's a critical problem that exists here with respect to Customs personnel and their ability to handle increased international traffic.

And so, what is the administration's response to this critical need? To present a budget that calls for the elimination of 1,000 inspectors—well, 1,000 employees; 450 inspectors. That's a good way to deal with the problem. And thanks to Chairman Roybal, that money is restored, but given the present deficit, I don't know how much longer we can go.

What's really troubling is that at the same time as Commissioner Von Raab comes before the committee and asks for sizable reductions in personnel funds to carry out these traditional services, he's asking for $30 million to carry out this whole new program that has nothing to do with the statutory responsibilities. I read the description in their budget proposal for the new personnel who would be added under Operation Exodus. When you read it, it sounds like a CIA paramilitary operation against our exporters. So I think we ought to return the Customs Service to its traditional role, provide the staff that's necessary to do a good job, and if we're going to realize economic growth in this country, it's going to be in international markets. We have to be competitive and we can't be competitive if we're held up at the docks because of a shortage of personnel.

So I commend the gentlemen who represent the various port districts. You're working under very difficult circumstances and I hope that we in Congress can help you.

Senator GORTON. Congressman Dicks.

Representative DICKS. From both the Port of Tacoma's and the Port of Seattle's perspective, the clear projections are for additional growth in traffic. I know that Tacoma is expecting a lot of growth, and I understand that even with Sea-Land moving from Seattle to Tacoma, Seattle already is anticipating having people to replace Sea-Land and that your growth levels are going to be on the increase, too.

So this problem is not going to abate in any way. We're looking at growth into the future, and substantial growth, because of the increase in Pacific trade activities. Isn't that correct?

Mr. FORD. We're giving Pat O'Malley Sea-Land, but we're keeping the customs officers. [Laughter.]

Mr. O'MALLEY. I don't know if that's a good deal.

Representative DICKS. That's another point, and we're very glad that Mr. DeAngelus, who is the No. 2 man in the Customs Service, is here. We want to thank him for being in Seattle and for listening to our people.

So this situation is not going to get any less. I agree with Chairman Roybal; what I think we really need to do is to have a west coast plan, where we make a presentation, to Customs and say, "This is what we think we need, port by port, airport by airport, to meet our requirements," so that we can present something with numbers, how many part-time people we have, et cetera.

Now, I know we're going to get into some more detail about the part-time situation, but it is true that without those part-time people to meet that peak period during the morning, that with all the additional international traffic that we've got, we're going to have problems, Dick, aren't we, this summer?

Mr. FORD. No question about it. And, of course, the use of part time is a very intelligent manning strategy. You mentioned

McDonald's as something that private industry does all the time; Metro Transit here in Seattle has part-time drivers because we do have a peaking. And that's appropriate. I realize there are some labor issues connected with it, but part-time staffing has been extremely important to us.

Representative DICKS. Now, I understand, too, as part of the ACCEPT Program which you mentioned in your statement, Pat, that instead of hiring clerical people to handle this, they have taken inspectors off the line and that these people are there handling the computers. And it just seems to me that with the limited number of inspectors that we already have, maybe we could get people that are computer operators rather than inspectors. Would that help relieve some of the problem that you have now, because of the ACCEPT Program?

Mr. O'MALLEY. I think so. You could have an inspector being a supervisor rather than being an actual computer operator. That might be one——

Mr. MCJUNKIN. Could I answer that to a degree?

Representative DICKS. Yes.

Mr. MCJUNKIN. It's not dumb Customs management; they have a personnel freeze, and they can't hire GS-5 clerks. They have—whatever an inspector is, much higher paid—the only people they have, so they put a guy who has never seen a typewriter on the console.

Representative DICKS. And it's costing us more money?

Mr. MCJUNKIN. And it's costing you more money.

Representative DICKS. And they don't have the ability to do the job?

Mr. MCJUNKIN. Right.

Representative DICKS. Since time is limited, I am going to end my questioning. I appreciate your statements. We know what a great job the Ports of Seattle and Tacoma do, and we feel this is a very important problem—and, of course, the Port of Long Beach—and I yield to my other colleagues.

Senator GORTON. Congressman Lowry.

Representative LOWRY. Thank you, Senator.

I think it's clear from your testimony that this is a nationwide problem, but you also—if I understood you correctly—we have a larger problem on the west coast than the east coast, if I heard what Pat and the others said.

Is that because there's been a disparity in the allocation of existing Customs agents, or is that because of the growth there's been on the west coast, and in reality there hasn't been a reallocation? As far as the disparity question goes?

Mr. FORD. I'll venture my knowledge on it. To my knowledge, it's just that we've had the growth that, particularly, the east coast has not; and they, of course—historically, New York—had a much bigger part of trade which shrunk, in relative terms.

Representative LOWRY. So everything stayed kind of static, but our need has gone up——

Mr. FORD. In fairness, Customs has some practical problems. If somebody has spent their whole life in New York, with 25 years in the Service, how do you pick him up and move him to Seattle or

Blaine in the last 5 years of his career? There are some practical problems.

Representative LOWRY. How much heavier is the load on Customs for imports than exports?

Mr. FORD. With Customs functioning on the import side, we'd like not to worry about the export side. That's all the Exodus Program; in the old days, of course, Customs had little or nothing to do with exports. It was all import and, of course, entry of passengers.

Representative LOWRY. Do we, as a comparison to the Atlantic, are we getting, relatively speaking, more imports? In other words, is our growth in imports—and thereby, that being related to the Customs problem?

Mr. FORD. I would have to look at the numbers, Congressman, but my recollection is that in relative terms, because of the value of the dollar and all of the factors involved, it's about the same.

Representative BONKER. If the gentleman will yield for a moment, there has been a dramatic shift of trade from the Atlantic to the Pacific. In fact, that's where it's all happening these days; in fact, U.S. News & World Report featured that a few months ago, and they said "The Pacific Rim, America's New Frontier." So I think, obviously, there's been a much greater volume in recent years on the west coast.

Mr. FORD. I have information with me on the growth of imports in tonnage figures. I'd rather look at the number of transactions that Customs had to deal with, but on our side, on imports, in tonnage, we've gone down a little bit since 1979, but New York has gone down dramatically on imports.

Representative DICKS. That's because of energy, I think.

Mr. FORD. Probably. And so these figures are helpful, but I think you would need to look at the total number of transactions to answer that question accurately.

Mr. MCJUNKIN. May I endeavor to answer that? As I recall 10 years ago, the Port of New York was collecting more customs duty than the whole west coast; and we in southern California are greater, by ourselves, than New York at the present time.

Representative LOWRY. Mr. Chairman, obviously, within the information that Chairman Roybal had asked for—actually, the relationship of imports to exports within this whole ratio is a question that would also be helpful in trying to figure out what is the correct approach to the problem. Thank you.

Senator GORTON. Congressman Chandler.

Representative CHANDLER. Thank you, Mr. Chairman, and thank you, Mr. Roybal, for your attention and interest in this problem.

I think the questions have largely been asked, but just a clarifying one, if I may. I believe a December 1984 article in Transport 2000, cited statistics saying that Los Angeles-Long Beach had 702,000 containers processed; New York-New Jersey, 673,000; Los Angeles had 295 inspectors to handle that load, while New York-New Jersey added 100 for a total of 850.

Did I understand that you don't feel that it's just a matter of moving some inspectors from the east coast to the west, that they probably do need the number that they have there, and we need additional ones? Is that understanding correct? Or could we reallocate the resources that exist and get by?

Mr. FORD. There might be some reallocation, but just talking with my colleagues on the east coast, on balance I think they feel they need the work force they've got. Now, they've got some other issues that we don't have, but I don't think we're going to solve this by just moving the furniture around.

Representative CHANDLER. Is there a misallocation of inspectors on the west coast itself? Are we short in comparison with some of the other ports on the west coast?

Mr. MCJUNKIN. No. [Laughter.]

Representative CHANDLER. I didn't ask you. [Laughter.]

Mr. FORD. Well, again, there may be some fine tuning, Congressman, but I don't think you're going to solve your problems just by moving people around within the Pacific region.

Representative CHANDLER. Well, my point was that this same article points out that Seattle moved 231,000 containers in 1984; San Francisco-Oakland, 210,000, and yet we have fewer inspectors than does San Francisco.

Mr. FORD. In fairness, though, I think you'd have to look at the nature of that traffic, how many transactions they had to handle. If we're moving in bigger lots, some segments of it, it would be a little simpler to handle, so I wouldn't want to make a sweeping statement about how many people you need in a given environment.

Representative CHANDLER. Thank you, Mr. Chairman.

Senator GORTON. One question, if I may, for Dick. It's another perhaps not quite so important proposal. What about the proposal that would reorganize the regional offices and that would transfer Seattle to the central region? What effect would that have, either at the present level of staffing or even at a somewhat higher level of staffing?

Mr. FORD. We've been neutral on that, and I'll tell you bluntly why we are. We do not want to get off what we think is the central issue, which is getting more manpower. I'm afraid if I get bogged down in which regional office we ought to get into, we won't get to the basic issue. We've just got to have more people. We could probably live with it either way. We've had good relations with Los Angeles, and that regional office has worked very well for us. We're not particularly pursuing the change, but if the price I had to pay was to report through Chicago to get another 20 bodies in Seattle, I'll pay it, Senator, I'll pay it. We'll go whichever way they go, if they give us the people.

Mr. O'MALLEY. I would agree with that. Our real problem is simply that the center of gravity in trade is shifting, and Customs, for one reason or another, hasn't really responded to that. Whether we can come up with a formula or some allocation schedule, that would be wonderful, but I agree with Dick; I think changing from one region to another probably isn't going to make very much difference at all.

Mr. FORD. Maybe a counterproposal is to eliminate all the regional offices, convert them to inspectors, and put them on the docks. [Laughter.]

Senator GORTON. Any more questions?

Representative CHANDLER. Let me just ask one question. Aren't Seattle and Tacoma unique in one respect, that about 80 percent of

the cargo that comes here moves on to another area? The time lost in clearing Customs and getting onto a railroad train really is very, very critical to whether people come to this port or not. Some of the other ports on the west coast don't have this problem. Largely because they are in huge market areas and retain the cargo the y receive. The cargo is used there doesn't have to be sent to another area in the country by train or other means. Isn't that distinction an important part of our operation here that has to be taken into account?

Mr. O'MALLEY. I think so. The numbers are almost reversed in southern California. They have a bigger population——

Representative CHANDLER. They still aren't getting their cargo off the docks which we heard about rather dramatically on——

Mr. O'MALLEY. But the traffic, the business can go elsewhere if we can't meet it; that's our point. If we can't meet it, it'll go someplace else.

Representative CHANDLER. And the big point, Pat, the Port of Tacoma has invested millions of dollars, and Sea-Land and other companies have invested hundreds of millions of dollars to create a more efficient and effective system. The weak link at this point is not having the customs people to make that investment really productive and to get the most out of it. Isn't that really the bottom line?

Mr. O'MALLEY. That's the essence of the problem. The shipping game right now is big; it costs a lot of money to get in it. You need trains, intermodal connections, and everyone's spending to meet that increased demand and the way that business is being done. But the narrow part, the weak link in the chain right now, is Customs.

Representative CHANDLER. Thank you, Mr. Chairman.

Senator GORTON. Thank you all.

Our next panel will be various carriers by sea. We have Jimm Sweet of General Steam; Connie Mead of American President Line; Joe Cucinaotta of Sea-Land; George Zellensky of Seapac; and Mike Murphy of Pacific Merchant Shipping Association. In this group, only Mr. Sweet will testify formally, but the others will be available for questioning.

Mr. Sweet, please identify the other people who are here with you. Your formal written testimony will be included in the record as if read; if you can summarize it, it will give us a greater opportunity to ask you questions.

STATEMENT OF JIMM SWEET, PRESIDENT, PUGET SOUND STEAMSHIP OPERATORS ASSOCIATION, ACCOMPANIED BY CONNIE MEAD, AMERICAN PRESIDENT LINES; JOE CUCINOTTA, SEA-LAND SERVICES, INC.; W. P. ELLIS, PRESIDENT, CASCADE SHIPPING CO.; AND JOHN R. McLAURIN, PACIFIC MERCHANT SHIPPING ASSOCIATION

Mr. SWEET. Thank you, Senator. We have had a change in our panels today, and——

Senator GORTON. Would you pull the microphone up just a little? It's hard for the people in the back of the room to hear if you don't speak into it. Thank you.

Mr. SWEET. Thank you again, Senator, for inviting us today to have this opportunity to speak on what we feel is a very critical issue to the shipping community here in Puget Sound and all of Washington State.

Members of our panel today, starting from your right, I'd like to introduce Mr. Bill Ellis, president of Cascade Shipping here in Seattle; to his right is John McLaurin, director of agency affairs for the Pacific Merchant Shipping Association, San Francisco; to my immediate right, Connie Mead, manager of documentation services for American President Lines in Seattle—I might also mention she's chairman of the Customs Committee for the Puget Sound Steamship Operators' Association—and on the end, Joe Cucinotta, manager of administration for Sea-Land Services.

I am serving presently as president of the Puget Sound Steamship Operators' Association. The remarks I am making today, of course, are those feelings that the Association is sharing with us.

The Puget Sound Steamship Operators' Association represents virtually all of the owners and operators and agents of vessels that call at ports in the Seattle Customs District, and historically we have worked very closely with Customs to attain common goals and also to try to help to ensure that implementation of their programs goes smoothly. We certainly believe strongly in the efforts that Customs is making to stop the illegal drug traffic and other abuses; and certainly, regardless of the outcome of this hearing and similar hearings, we will continue to support Customs in their efforts to seek efficiency and cost-effective operations.

However, the members of our association cannot operate efficiently with increased cargo volumes unless there are sufficient customs personnel to clear the cargo and, in effect, arrange for prompt delivery to the importing community.

We've got some statistics today—and I don't want to bore you with numbers, but I think they are very substantial and deserve your attention—based on some of the information provided by the Pacific Maritime Association for 1980 through 1984. Container tonnage in the Seattle District ports, both inbound and outbound, increased from 8.7 million tons in 1980 to nearly 14.5 million tons in 1984. This represents a 65.6-percent increase in just 4 years. In contrast, the total overall tonnage increased 8 percent from 28.7 million to 30.9 million tons.

Total container traffic for the west coast increased from 34.9 million tons in 1980 to nearly 54.9 million tons in 1984. This is an astounding 56.9-percent increase. At the same time, the total tonnage increased from 113.7 million tons to 133 million tons in 1984; this represented a 14.7-percent increase.

This rapid growth was also borne out by Commerce Department statistics which indicate that in 1980, trade between the United States and Pacific rim countries exceeded transatlantic trade by 9 percent. But by 1983, Pacific rim trade had surpassed trade with Europe by 24 percent. And based on figures furnished to us by Customs—Washington—bill of lading volumes for the Seattle district, both the airport and the seaport, increased from 85,000 in September 1982 to approximately 123,000 by the end of June 1984. This is a 45-percent increase in less than 2 years.

It's also interesting to note that the Department of Commerce statistics on import tonnages handled by the three major west coast ports in 1983 show Los Angeles with 5.6 million metric tons, Seattle with nearly 4 million metric tons, and San Francisco with 656,000 tons. Now, if we convert this to the U.S. ton, or 2,000 pounds, the figures are even more impressive because it shows that Los Angeles handled nearly 6.2 million tons, Seattle 4.4 million tons, and San Francisco, 723,000 tons.

According to the Treasury publication, "Customs, U.S.A.," customs collections for Seattle, San Francisco, and Los Angeles districts totaled $1.860 billion in 1980. That's compared with $2.064 billion for the four districts of Chicago, New Orleans, New York, and Miami, or nearly $196 million less. But 3 years later, in 1983, the three west coast districts had increased their revenues 29 percent, to more than $2.4 billion, or $112 million more than Chicago, New Orleans, New York, Miami combined. This is a $300 million turnaround in just 3 years.

Now, there are, of course, many statistics available from both Government and private sources which indicate that cargo movements will increase, are continuing to increase, not only through the Seattle district but the entire west coast. And as these are projected for the future, we can only presume that our problems are going to be compounded as we go.

In 1980, the Seattle District had a total of 86 inspectors; they served the airport, the seaport, and manned the district office. Of this total, 34 were assigned to Seattle-Tacoma Airport; approximately 6 were stationed at the district office, leaving 46 to serve the waterfront and Boeing Field. Of this number 2 inspectors were assigned to the SCANIT Team. They review manifests for possible import or drug violations, and thus we were left with 44 inspectors to serve the waterfront. Based on figures furnished by Customs in September 1984, there were a total of 79 inspectors in the Seattle district, 38 assigned to the airport, 35 to the seaport, and 6 to the district office. While this is only an overall reduction of seven inspectors, serious consideration must be given to the functions being performed by the inspectional force today. Customs enforcement activities have escalated. Nine inspectors are now assigned to the Contraband Enforcement Team and the Exodus Team. We understand there was some special funding established to cover personnel for these additional enforcement activities; however, the additional inspectors were taken from the regular force, leaving 26 inspectors to perform cargo and vessel clearances. This is a drop of 18 inspectors, or a 69-percent reduction in manpower from 1980 to 1984.

To further strengthen enforcement activities, three inspectors were assigned to the Manifest Review Unit to review preliminary vessel manifests and preselect shipments to be inspected by the cargo clearance officers, CET, and the dog teams. This reduced the inspectional force to 20. At the time the ACCEPT Program was started, the district office didn't have the funding to hire data entry operators for keying information into the ACCEPT computer, so three inspectors and an aide were assigned to perform this function, further reducing available inspectors down to 20. In addition, we are aware of one death and two resignations which have fur-

ther depleted the ranks to 17 inspectors compared with 44 inspectors in 1980. This represents only 39 percent of the 1980 staffing while, at the same time, there has been a 29 percent increase in revenue and nearly a 66-percent increase in cargo.

These inspectors must handle cargo and vessel clearance in the Port of Seattle as well as handling air passengers and cargo at Boeing Field, since its facility is currently under the jurisdiction of the seaport.

The Puget Sound Steamship Operators' Association has already felt the effects of the manpower shortage. With the consolidation of all waterfront activities at a central location on Harbor Island, full-time inspectors are available at only three facilities: Terminal 25 CFS, Terminal 5 CFS, and Terminal 106 CFS. Where these facilities were previously manned by 3 to 5 inspectors, they are now handled by 1 inspector only. All other terminal locations are manned on a rotational basis. This leaves the major container terminals at Terminal 5, Terminals 18, 25, 37, and 46 dependent on part-time Customs Service which has resulted in delays to cargo movements and increased costs to both carriers and the importers.

Another factor which contributes heavily to the shortage of inspectors is the 6-day workweek. The seaport operates Monday through Saturday, while inspectors are paid for working 5 days only. Those inspectors working Saturdays are given a midweek-day off, further diluting the number of inspectors available on a daily basis to ensure a smooth and timely flow of cargo. Vacation and sick leave coverage must also be provided, as well as coverage for inspectors required to supervise vessels discharging at night or to board vessels during nighttime hours. And during peak periods, passenger arrivals at Sea-Tac Airport require that inspectors from the seaport be detailed to assist in the passenger clearance, which causes a further delay on the waterfront.

Today, all west coast ports from Alaska to the southern border are supervised by the Pacific region in Los Angeles. This gives our Association one responsible unit to which to look for resolution of problems and answers to questions arising from individual district practices, since our members operate vessels to and from all major west coast ports.

Chicago is an inland region; their expertise is directed toward handling cargo at destinations. That differs from the problems we face at a seaport. Customs and carriers in the Pacific region established annual customs-carrier workshops in the late 1970's, trying to bring together those involved in the industry and Customs up and down the coast to discuss and solve problems common to all of us and to establish some lines of communication between Customs and the industry.

As the Customs Service moves more into the area of automation, as vessel operators continue to utilize more than one west coast gateway, and as cargo volumes increase, it becomes more important for both industry and the importing community to be able to look to one entity for resolution and the establishment of standard procedures for all west coast ports. By splitting the region, vessel operators, brokers, and importers could be dealing with two regional offices instead of one, and faced with the possibility of different interpretations by each. Under the Pacific region, programs such

as Radio Preliminary Entry are being tested. It allows an operator to make a preliminary entry via radio and to start cargo work on arrival prior to formal Customs boarding. This eliminates the cost of labor standing by, waiting for Customs, and allows Customs to utilize one inspector to board several ships rather than one inspector per vessel.

Other pilot programs, such as the simplification of manifest corrections, are under consideration.

But waterfront activities aren't the only area that's suffered. Container traffic to and from Canada has experienced slowdowns at the border crossings. We are concerned as to what steps Customs will be able to take when tourist traffic increases for visitors to Expo 1986, to be held in Vancouver, BC. Increased auto traffic during the summer months will coincide with our seasonal increase, and imports discharged in Seattle and moving via truck and rail to Vancouver could be further delayed as we endeavor to reach distribution to the inland Canadian locations.

We mentioned earlier the Exodus team, consisting of two inspectors, which is responsible for checking export shipments at both the seaport and the airport. Because of the volumes of cargo moving through both locations, the team is spread very thin—that's to say the least. Many times paperwork is reviewed after cargo has been loaded and the vessel has already sailed from the port. That necessitates the carrier having to withhold delivery at the destination until penalties are paid or proper licenses obtained by the shipper, and the cargo is subsequently released for delivery by Customs. To make Exodus effective and efficient would most definitely require additional inspectional personnel.

The Puget Sound Steamship Operators' Association believes that the Seattle district is understaffed. That's based on the volume of cargo moving through the port, and that the workload factor per inspector is too high to allow for adequate protection of revenues due the Government. The Seattle district has made every effort possible to work with the trade within their manning limits, but the 65.6 percent increase in container tonnage combined with a reduction to 39 percent of manning from 1980 to 1984 certainly supports the obvious need for additional inspectional personnel. If the district can fill the existing open positions on the seaport staff and replace inspectors with lower paid data entry operators, seven inspectors would be made available immediately to facilitate cargo clearance through the district. Provisions should also be made for a continuing review of the workload as it relates to cargo volumes and revenue collections, and criteria established to adequately evaluate increased manning needs. Certainly, if the Exodus Program is to be effective, it must be staffed accordingly, but not at the expense of other inspectional functions.

Furthermore, border staffing plans should be reviewed and steps taken to avoid delays in cargo movements during Expo 1986.

The change of the Seattle district to the Chicago region would result in a loss of continuity and coordination of uniform policies and procedures for major west coast ports. The carriers and importers using the three west coast ports would be forced to deal with two administrative bodies, resulting in duplication of effort and cost for both Customs and the trade and possible different interpre-

tations of procedures. The Puget Sound Steamship Operators' Association strongly urges that Seattle and Alaska be retained in the Pacific Region.

At this time, we certainly more than welcome your questions of the panel.

[The prepared statement of Mr. Sweet follows:]

TESTIMONY - JIMM SWEET, President
Puget Sound Steamship Operators Association
Seattle, Washington - February 15, 1985

The Puget Sound Steamship Operators Association represents virtually all of the owners, operators and agents of vessels calling at ports in the Seattle Customs District. We have a long history of working with Customs to attain common goals and ensure smooth implementation of Customs programs. We believe strongly in Customs' efforts to stop illegal drug traffic and other abuses and will continue to cooperate fully with Customs in these endeavors. We also support their efforts in seeking efficiency and cost effective operations, since this is a common goal we share with them. However, members of our Association cannot operate efficiently with increased cargo volumes unless there are sufficient Customs personnel to clear cargo for prompt delivery to the importing community.

CARGO VOLUMES

Based on Pacific Maritime Association statistics for 1980 through 1984, container tonnage in Seattle District ports, both inbound and outbound, increased from 8,722,077 tons in 1980 to 14,445,665 tons in 1984 or a 65.6% increase while total overall tonnage increased from 28,695,405 tons to 30,946,772 tons or 8%. Total container traffic for the West Coast increased from 34,961,122 tons in 1980 to 54,865,052 tons in 1984 or 56.9% while total tonnage increased from 113,682,374 in 1980 to 133,282,925 in 1984 or 14.7% over the five-year period. This is borne out by Commerce Department statistics indicating that in 1980 trade between the United States and Pacific Rim countries exceeded trans-Atlantic trade by 9% and by 1983 Pacific Rim trade had surpassed trade with Europe by 24%. Based on figures furnished by U. S. Customs in Washington, D.C., bill of lading volumes for the Seattle District, both airport and seaport, increased from 85,000 as of September, 1982 to approximately 123,000 by the end of June, 1984 or a 44.7% increase. It is also interesting to note Department of Commerce statistics on import tonnages handled by the three major West

Coast ports for 1983 (in metric tons)--Los Angeles 5,581,278 MT; Seattle, 4,011,294 MT; San Francisco, 656,166 MT. Converting these metric tons to U. S. tons of 2,000 pounds makes the figures even more impressive--Los Angeles, 6,152,243 tons; Seattle 4,421,649 tons; and San Francisco, 723,292 tons. According to the Department of Treasury publication "Customs, U.S.A.", Customs collections for the Seattle, San Francisco and Los Angeles districts totaled $1,867,786,306 in 1980 compared to $2,064,778,907 for the four districts of Chicago, New Orleans, New York and Miami or $196,992,601 less. By 1983, the three West Coast Districts had increased their revenues 29% to $2,418,074,709 or $112,015,715 more than the $2,306,058,994 collected by the four districts of Chicago, New Orleans, New York and Miami which showed only an 11.6% increase. There are many statistics available, from both government and private sources, which indicate increases in cargo movement not only through the Seattle District, but the entire West Coast with continued increases projected for the future.

STAFFING

In 1980, the Seattle District had a total of 86 inspectors serving the airport, seaport and district office. Of this total, 34 were assigned full time to the Seattle-Tacoma airport, approximately six were stationed at the District office, leaving 46 to service the waterfront and Boeing field. Of the 46 available inspectors, two were assigned to a SCANIT team reviewing manifests for possible import or drug violations, leaving 44 inspectors to serve the waterfront. Based on figures furnished by Customs, Washington, in September, 1984, there were a total of 79 inspectors in the Seattle District, 38 assigned to the airport, 35 to the seaport, and six in the District office. While this is only an over-all reduction of seven inspectors, serious consideration must be given to the functions being performed by the inspectional force today. Customs enforcement activities have escalated with nine

inspectors assigned to the contraband enforcement team (CET) and the Exodus team. We understand there was special funding established to cover personnel for these additional enforcement activities; however, the additional inspectors were taken from the regular inspectional force, leaving 26 inspectors to perform cargo and vessel clearances, a drop of 18 inspectors or 69% from 1980 to 1984. To further strengthen enforcement activities, three inspectors were assigned to the Manifest Review Unit to review preliminary vessel manifests and pre-select shipments to be inspected by the cargo clearance officers, CET and dog teams. This reduced the inspectional force to 23. At the time the ACCEPT program was started, the District office did not have funding to hire data entry operators for keying information into the ACCEPT computer, so three inspectors and an inspectional aid were assigned to perform this function, further reducing available inspectors to 20. In addition, we are aware of one death and two resignations further depleting the ranks to 17 inspectors compared to 44 in 1980. This represents only 39% of the 1980 staffing while at the same time there has been a 29% increase in revenue and a 65.6% increase in cargo. These inspectors must handle cargo and vessel clearance in the port of Seattle as well as handling air passengers and cargo at Boeing field since this facility is currently under the jurisdiction of the seaport.

The Puget Sound Steamship Operators Association has already felt the effects of the manpower shortage. With the consolidation of all waterfront activities at a central location on Harbor Island, fulltime inspectors are available at only three facilities: Terminal 25 CFS, Terminal 5 CFS and Terminal 106 CFS. Where these facilities were previously manned by three to five inspectors, they are now handled by one inspector only. All other terminal locations are manned on a rotational basis. This leaves the major container terminals at Terminal 5, Terminal 18, 25, 37 and 46 dependent

on part-time Customs service which has resulted in delays to cargo movements and increased costs to both the carriers and the importers.

Another factor which contributes heavily to the shortage of inspectors is the six-day work week. The seaport operates Monday through Saturday while inspectors are paid and work five days only. Those inspectors working Saturdays are given a mid-week day off, further diluting the number of inspectors available on a daily basis to ensure a smooth, timely flow of cargo. Vacation and sick leave coverage must also be provided, as well as coverage for inspectors required to supervise vessel discharge at night or board vessels during nighttime hours. During peak periods of passenger arrivals at the airport, inspectors from the seaport have been detailed to assist with passenger clearance, causing a further delay in the seaport.

REALIGNMENT OF SEATTLE DISTRICT

Today all West Coast ports from Alaska to the southern border are supervised by the Pacific Region in Los Angeles. This gives our Association one responsible unit to which to look for resolution of problems and answers to questions arising from individual district practices, since our members operate vessels to and from all major West Coast ports. Chicago is an inland region whose expertise is directed toward handling cargo at destinations, which differs from the problems facing major seaports. Customs and carriers in the Pacific Region established annual Customs-Carrier workshop in the late 70's to bring together those involved both in industry and Customs up and down the Coast to discuss and solve problems common to all, to establish lines of communication between industry and Customs to benefit both. As the Customs Service moves more into the area of automation, as vessel operators continue to utilize more than one West Coast gateway, as cargo volumes increase, it becomes more important for both industry

and the importing community to be able to look to one entity for resolutions and establishment of standard procedures for all West Coast ports. By splitting the region, vessel operators, brokers and importers would be dealing with two regional offices instead of one, with the possibility of different interpretations by each. Under the Pacific Region, pilot programs, if successful in one port, quickly become standard for the region. These pilot programs have enabled both Customs and industry to realize efficiencies and economies in their respective operations. Radio Preliminary Entry, one of the programs now being tested, allows the operator to make preliminary entry via radio and start cargo work on arrival prior to formal boarding by Customs. This eliminates the cost of labor standing by waiting for Customs and allows Customs to utilize one inspector to board several ships, rather than one inspector per vessel. Other pilot programs such as the simplification of manifest corrections are under consideration.

BORDER

Container traffic to and from Canada has experienced slowdowns at the border crossings. We are concerned as to what steps Customs will be able to take to avoid delays to cargo when tourist traffic increases for visitors to Expo '86' to be held in Vancouver, B.C. The increased auto traffic during the summer months will coincide with our seasonal increase in imports discharged in Seattle and moving via truck and rail to Vancouver for further distribution to inland Canadian locations.

EXODUS

The Exodus team, consisting of two inspectors, is responsible for checking export shipments at both the seaport and the airport. Because of the volumes of cargo moving through both locations, the team is spread very thin. Many times paperwork is reviewed after cargo has been loaded and

the vessel has already sailed from the port, necessitating the carrier withholding delivery at destination until penalties are paid or proper licenses obtained by the shipper, and cargo released for delivery by U. S. Customs. To make Exodus effective and efficient would require additional inspectional personnel.

CONCLUSION

The Puget Sound Steamship Operators Association believes that the Seattle District is understaffed based on volume of cargo moving through the port, and that the workload factor per inspector is too high to allow for adequate protection of revenues due the government. The Seattle District has made every effort possible to work with the trade within their manning limits. The 65.6% increase in container tonnage and reduction to 39% of manning from 1980 to 1984 certainly supports the addition of inspectional personnel. If the District can fill the existing open positions on the seaport staff and replace inspectors with lower paid data entry operators, seven inspectors would be made available to facilitate cargo clearance through the District. Provisions should also be made for a continuing review of workload as it relates to cargo volumes and revenue collections and criteria established to adequately evaluate increased manning needs. If the Exodus program is to be effective, it must be staffed accordingly but not at the expense of other inspectional functions.

The change of Seattle District to the Chicago Region would result in loss of continuity and coordination of uniform policies and procedures for the major West Coast ports. The carriers and importers using the three West Coast ports would be forced to deal with two administrative bodies, resulting in duplication of effort for both Customs and the trade and possible different interpretations of procedures. The Puget Sound Steamship Operators Association strongly urges that Seattle and Alaska be retained in the Pacific Region. Furthermore, border staffing plans should be reviewed and steps taken to avoid delays to cargo movements during Expo '86'.

Senator GORTON. Thank you. I have only one; it's on the last point you raised. You heard that the ports are neutral on that proposition, and would happily change regions for 20 new inspectors. What's your view if you had that trade?

Mr. SWEET. I'd personally not be willing to sell my soul at this point for the 20 inspectors. I don't think that we can divide the issues in such a manner. We need more inspectors, but we also need the ability, as an industry, to deal with one office that's going to interpret things in a similar fashion and give us continuity on the coast.

Chicago—I'm not familiar with what their policies are there. I can only presume that, being an inland district, that they are totally unfamiliar with the problems that we experience here on the west coast at the seaports.

Senator GORTON. Chairman Roybal.

Representative ROYBAL. You stated that if the district could fill the existing open positions on the seaport staff and replace inspectors with lower-paid data entry operators, then some inspectors would be immediately available to do something else.

Mr. SWEET. That's correct.

Representative ROYBAL. Is there anyplace else where lower-paid personnel could be used so that inspectors could be released to do their customary work?

Mr. SWEET. I might defer that to——

Ms. MEAD. Well, I'm sure that within any organization this exists. We have only addressed the issues that we are aware of. We know that there are inspectors doing data entry. We know that there have been two resignations and a death. Anything else would be speculation on our part.

Representative ROYBAL. The impression that one gets from that statement is that that situation does, in fact, exist. What I'm trying to get at is if it does exist there, it is quite possible that it exists elsewhere, and that perhaps some efficiency measures would result in more customs inspectors being released to do their customary work.

Ms. MEAD. That's quite possible, but we have no knowledge of the other areas.

Representative ROYBAL. Well, that's one question I'd like to ask of others who make their presentations to see if that, in itself, could remedy these situations.

That's all, Mr. Chairman.

Senator GORTON. Congressman Dicks.

Representative DICKS. You mentioned, on the question of the Chicago office versus the Los Angeles office, that you're worried. Isn't your concern that you're going to get conflicting interpretations on various regulations or requirements that might put one of the ports on the west coast at a disadvantage? Isn't that what we're really talking about? By having all of the ports in the same Los Angeles office, you're going to get uniformity of interpretation on various regulations; you're going to get uniform application of those regulations. Isn't that the issue?

Mr. ELLIS. Excuse me. We don't get uniformity of opinions as it is, all being in the same region now. I mean, Seattle interprets something one way and Portland another, and we get into hot

water sometimes because cargo moves here when it should move from here to Portland—they don't interpret the regulation the same as the people in Seattle do. And if it were in Chicago, I think it would be that much worse.

Mr. CUCINOTTA. We at Sea-Land have a major concern. We're concerned about the manpower, but we believe the manpower issue, while it is important, will settle itself. When the shipping public has to spend more money, the shipping companies have to spend more money, the row raised will be enough that we will get the people or other action will be taken to make sure that the cargo is cleared and moved. However, once we go to Chicago, we're gone. We're concerned that Chicago doesn't have the experience or the expertise dealing with a seaport. They deal with import/export cargo now from Canada, but not through countries in the Far East.

Chicago will have a tendency to uphold certain idiosyncracies of the Seattle area because they lack this experience. We'll lose some of our political clout that we now have as a member of—solidified ports along the west coast; we're one alone. We will not be able to participate in the carrier workshops on an effective basis and say what we can say now, and become a part of it.

We're really concerned about the district moving into the Chicago area, as we are about manpower. But I feel that the manpower issue—feel strongly that it is secondary to the movement of the district.

Representative DICKS. So we have a little split of opinion here. But I think both issues are extremely important——

Mr. CUCINOTTA. Extremely important to us.

Representative DICKS. You invested a lot of money to move to Tacoma——

Mr. CUCINOTTA. We're concerned because we're going to Tacoma. Right now we have a ship come in here every week from the Orient that has 980 containers on it, 2,000 bills. I'm not sure that Tacoma, with the manpower that Tacoma has, is going to be able to handle that. Obviously, Seattle has made arrangements for other business coming in here; we will not be able to take inspectors from the Seattle location to Tacoma. Our customers will not stand for the cargo not moving. Sea-Land is a high-movement, high-pressure company; we move the cargo. We do not want to be delayed, and I can foresee delays in Tacoma, even though I can tell you that the personnel in Tacoma, the customs personnel, have been more than willing to sit down and discuss with us means of getting the cargo moving. They're going to do everything they can. I don't think they can effectively do it with the manpower they have. And that——

Representative DICKS. There is going to need to be a realignment of the manpower within this area.

Mr. CUCINOTTA. I don't know if Seattle gets more business and we will be able to realign it. I think the answer is, we need more customs inspectors, period.

Representative DICKS. Isn't there also a concern that the customs people are, all of a sudden, going to say, "ACCEPT is working wonderfully; now we can cut back even further" before it's demonstrated? And is it not your judgment, collectively, that the ACCEPT

Program is still in its infancy and hasn't really been proven out, and that there should not be a realignment of personnel until it is?

Mr. CUCINOTTA. And besides that, the money cargo is textiles. The money cargo is textiles. We are interested in the money cargo. Textiles are inspected, will continue to be inspected; they have to because of the different duty rates. As we go into high-grading cargo, we high-grade for textiles. We want textiles. You can have ACCEPT up the ying-yang, but you're not going to get rid of the textiles, and you need inspectors for textiles.

Representative DICKS. I think I got the point. [Laughter.]

I have lots of other questions but I will yield to my other colleagues since we're short of time.

Senator GORTON. Mike.

Representative LOWRY. Thank you, Mr. Chairman.

Staff informs me that income to the Government from customs activity fees and so on is about $12 billion, and that expenses were maybe $700 million. We have expert witnesses here who can answer that later, but that's at least in the ball game. So we're doing pretty good from the money-making standpoint on this. I asked that, because I was going to ask if you'd like to have your fees increased a little bit or something.

There are two ways of looking at this budget thing. One is revenue, and one is reductions, and then there's one in between, a little bit of reductions. What would be the shippers' viewpoint of fee increases if you felt that the result would be to go directly to answering some of these problems that this hearing is based on; namely, Customs' shortage of manpower?

Mr. MCLAURIN. I think before we get to any fee increase we should look at whether the resources have been allocated in an effective manner across the entire country. The case may be that they have not, and if you institute increased fees you would be penalizing those operating on the west coast.

Representative LOWRY. But what if we did find--and you heard the earlier testimony that while we did think there was a disparity, our west coast port managers thought there was a disparity—the fact was, we did think we had a nationwide problem. In other words, on the east coast, it sounded to me like perhaps they may have a shortage of personnel, also.

Mr. SWEET. I'm not sure additional fees are the answer to our manpower problem. Historically, the operators have paid, in total, for the Customs overtime. There is now a ceiling on Customs overtime. We could have a desire to spend twice as much as we're spending, but we can't spend it.

Representative LOWRY. The ceiling is put on Customs overtime by——

Mr. SWEET. By Congress.

Representative LOWRY. By Congress?

Mr. SWEET. That's correct.

Representative LOWRY. So the operators would pay Customs overtime? You think that would be a good thing, to pay Customs overtime, if you could get overtime inspectors?

Mr. SWEET. Well, we already are paying Customs overtime——

Representative LOWRY. But you say there's a ceiling on it.

Mr. SWEET. The problem is that there are occasions when we can't get an inspector because they've reached their maximum.

Mr. MCLAURIN. Jim, correct me if I'm wrong, but I think the overtime that is paid to the customs inspectors does not go back into the Customs fund but goes to General Services.

Representative LOWRY. But perhaps—I was just kind of wondering what the attitude would be of shippers if there was some way here in which, if you knew that the additional dollars paid for overtime or the additional dollars paid for increased fees would go directly to——

Mr. SWEET. Certainly, I wouldn't want to commit ourselves to higher fees at this state because we have a considerable amount of skepticism as to where the dollars go once they are allocated, as we can certainly see with the Exodus Program. We saw the dollars allocated for that, and yet we saw the manpower taken from somewhere else.

Representative LOWRY. Does Sea-Land have any opinion on that?

Mr. CUCINOTTA. If you raise fees, if they are tariff fees, then goods aren't bought. If goods aren't bought, we don't ship them. If you raise fees that we have to pay, we pass those along to our customers. Our customers don't need higher fees.

Representative LOWRY. Somewhere, the Government needs to do something about the deficit. While perhaps we don't agree with this proposed reduction by the administration or previously proposed ones, we all agree about the problems with the trillion dollar deficit in the next four and a half years.

Well, I know they are tough questions. I hope the shippers will think about perhaps how maybe we could work on increasing the income a little bit, even though you pay a lot of income now.

Thank you, Mr. Chairman.

Senator GORTON. Rod.

Representative CHANDLER. The port people have indicated their concern that if they weren't able to process the cargo, and if Customs caused a delay, that you people would go someplace else. Is that true? And if so, where would you go?

Ms. MEAD. Well, you must bear in mind that most of us operate out of the three major west coast ports anyway. Most of your major carriers call at Seattle, San Francisco, and Los Angeles. If you find a delay in cargo clearance in Seattle, your customers—not us, the customers—are going to start routing your cargo to other locations.

Representative CHANDLER. And to other shippers?

Ms. MEAD. That's true.

Representative CHANDLER. Thank you, Mr. Chairman.

Senator GORTON. Thank you very much, all five of you. You have helped us a great deal.

We'll next hear from an airline panel: Cameron Hinke of Northwest Airlines; Vernon Ljungren, director of aviation at Sea-Tac; and Bob Williams of United.

Please proceed.

STATEMENT OF VERNON LJUNGREN, DIRECTOR OF AVIATION, SEATTLE-TACOMA INTERNATIONAL AIRPORT

Mr. LJUNGREN. I am Vern Ljungren, director of aviation at Sea-Tac International Airport. I appreciate this opportunity to testify about the situation within our Federal inspection facilities, and to introduce the witnesses you have invited to appear on behalf of the airlines.

Over the past several years, as our traffic has grown, Seattle has experienced increasing delays in its Federal inspection facilities. The problem intensified when Japan Airlines and United Airlines added flights from the Far East to Seattle in 1983. International arrivals at Sea-Tac have grown 107 percent since 1979. The total incoming volume from overseas is approaching half a million passengers annually. Since 1979, air cargo imports have grown 24 percent; yet the inspection staff for both Customs and Immigration has not expanded.

To ease the problem, the Port of Seattle has spent nearly $10 million on improvements at the airport facility since 1982. These improvements include expansion of the customs area, redesign of the inspection site to Customs' specifications, and upgrading of baggage handling and recheck areas. The customs area now contains 14 primary inspection lanes and 10 secondary lanes. Immigration has 13 inspection booths and a single inspector in secondary.

However, changes in the physical area are not sufficient to resolve the problems which contribute to passenger delay. The computerization of data, which has been successful in marine cargo operations, is not feasible with passengers. Other innovative routing and processing techniques must be tried.

Let me briefly explain what happens to a passenger when he deplanes at Sea-Tac from an international flight.

When a passenger gets off an incoming flight, he is directed within a secure area to the Federal inspection facility. He rides an escalator down from the gate level to a mezzanine area where the U.S. Immigration and Naturalization Service is located. Seattle has what is known as a two-stop system with U.S. citizen bypass. If our passenger is a U.S. citizen, he will not be required to clear immigration but can proceed directly to the baggage claim area and customs area. If he is a foreign national, an immigrant, or a refugee, he must go through Immigration.

Once the passenger clears Immigration, he may now proceed down another escalator to the Customs and baggage claim area on the transit level. Here he picks up his baggage and stands in line for primary customs inspection. If our passenger comes in when there are no other flights in the processing facility, he may clear both Immigration and Customs in under 2 hours. But if he arrives late on a Sunday morning, one of our busiest times, he could be in line behind passengers from five other international flights. In that case, he may be in the inspection facility for as long as 4 hours. If our passenger is a foreign national, he could be standing in line for Customs behind U.S. citizens who arrived on flights after his. This occurs because noncitizens must go through Immigration, while citizens are permitted to bypass that stop.

Sea-Tac International Airport experiences its peak international arrivals daily from 9 a.m. to noon. During this 3-hour period, up to 6 international flights may arrive on any given day, with a total seating capacity of up to 2,300. Fridays and Sundays are our two heaviest days, and summer is our heaviest season. On Sundays in August last year, there were two Northwest flights, two United flights, one JAL flight, and one Thai flight, all arriving between 9:30 and noon. Four of these flights originated in Tokyo, one in Seoul, and one in Hong Kong. On our lightest day, up to 1,360 passengers from four flights may arrive at the inspection facility during the 3-hour period in the morning.

For the record, I have attached a table showing Sea-Tac's international arrivals for the months of August 1984 and January 1985, indicating the total passenger capacity for each day.

There are two primary variables which affect the amount of time an individual passenger spends in the inspection facility. They are: The number of inspectors on duty, and the time it takes to process each individual passenger. A change in either variable can impact the overall time it takes to clear the passengers from a flight. Using the hypothetical assumption that each of the scheduled flights arrives filled to capacity, and taking Thursdays in January as a representative day, we find the following.

With 10 inspectors and a 3-minute transaction time per passenger, it would take the average flight 4 hours, 7 minutes to clear the Customs facility.

Reducing the transaction time to 2 minutes cuts the total processing time per flight to 2 hours, 31 minutes.

Similarly, increasing the number of inspectors to 15 while holding the processing time constant at 3 minutes per passenger can also reduce the clearance time per flight to 2 hours and 31 minutes.

For the record, I have attached charts showing this hypothetical situation at the end of my testimony.

Customs has not been without initiative in dealing with the problems a growing passenger load has created. They have been using a "rover" technique with some success, and expect to go to a "red light/green light" system before summer. The rover technique involves an inspector who circulates through the crowd while they are waiting for their luggage, and makes decisions to allow some of them to bypass inspection. Red light/green light will permit passengers to select a quicker route if they have nothing to declare. Of course, Customs has the final determination in this system regarding whether to perform an indepth inspection. Through techniques like these and through increased usage of profiles of problem passengers, Customs has significantly lowered its inspection time per passenger and is making faster and more efficient determinations in primary regarding whether to perform a more thorough investigation. These are positive changes, and I would like to encourage Customs to keep this up.

But I am convinced that, as our traffic grows, these types of changes will not be sufficient to maintain reasonable processing times, and that Seattle's reputation as a port of entry will suffer. We are already beginning to see that happen with news articles in the national press which are uncomplimentary to us. We would

like to nip the trend in the bud, if possible, by using any method at hand which will preserve the integrity of the enforcement process while facilitating the movement of passengers through both Immigration and Customs.

Such methods might include establishment of a "one-stop" primary clearance technique, in which customs and immigration officers are cross-trained to ask questions relating to the other's area of responsibility. In this approach, passengers stop only once in a primary inspection booth, rather than twice. This is a proposal that we have discussed in the past with customs officials and would be most interested in implementing. Of course, this is only one suggestion which might ease our congestion. There are others, and we remain open to discussion and implementation of any which could improve processing in our airport.

I'd like to deviate for a moment to try to put what I've said here in context. Governor Gardner recently said that tourism is probably the State's second-leading industry. As I mentioned, we at Sea-Tac have spent about $10 million in the last 2 years attempting to improve our Federal inspection areas to facilitate the clearance of international arriving passengers. In addition, in this year's operating budget alone, we at Sea-Tac are spending about $300,000 in tourism promotion overseas, in the Orient and in Europe. The local area, as well as the State of Washington, are probably spending millions more in a similar effort.

If we develop a reputation as being an undesirable point of entry, all of this effort and money is of no avail; people are just not going to come if this is not a convenient point of entry.

With that, I'd like to introduce Cameron Hinke, who is the director of facilitation for Northwest, and also a member of ATA.

[The prepared statement of Mr. Ljungren follows:]

STATEMENT OF VERNON LJUNGREN, DIRECTOR OF AVIATION, SEATTLE-TACOMA INTERNATIONAL AIRPORT

I AM VERNON LJUNGREN, DIRECTOR OF AVIATION FOR SEA-TAC INTERNATIONAL AIRPORT. I APPRECIATE THIS CHANCE TO TESTIFY ABOUT THE SITUATION WITHIN OUR FEDERAL INSPECTION FACILITY, AND TO INTRODUCE THE WITNESSES YOU HAVE INVITED TO APPEAR ON BEHALF OF THE AIRLINES.

OVER THE PAST SEVERAL YEARS, AS OUR TRAFFIC HAS GROWN, SEATTLE HAS EXPERIENCED INCREASING DELAYS IN ITS FEDERAL INSPECTION FACILITY. THE PROBLEM INTENSIFIED WHEN JAPAN AIR LINES AND UNITED AIR LINES ADDED FLIGHTS FROM THE FAR EAST TO SEATTLE IN 1983. INTERNATIONAL ARRIVALS AT SEA-TAC HAVE GROWN 107 PERCENT SINCE 1979. TOTAL INCOMING VOLUME FROM OVERSEAS IS APPROACHING HALF A MILLION PASSENGERS ANNUALLY. SINCE 1979, AIR CARGO IMPORTS GREW 24 PERCENT. YET THE INSPECTION STAFF FOR BOTH CUSTOMS AND IMMIGRATION HAS NOT EXPANDED.

TO EASE THE PROBLEM, THE PORT OF SEATTLE HAS SPENT NEARLY $10 MILLION ON IMPROVEMENTS IN THE AIRPORT FACILITY SINCE 1982. THOSE IMPROVEMENTS INCLUDED EXPANDING THE CUSTOMS AREA, REDESIGNING THE INSPECTION SITE TO CUSTOMS' SPECIFICATIONS, AND UPGRADING THE BAGGAGE HANDLING AND RECHECK AREAS. THE CUSTOMS AREA NOW CONTAINS 14 PRIMARY INSPECTION LANES AND 10 SECONDARY LANES. IMMIGRATION HAS 13 INSPECTION BOOTHS AND A SINGLE INSPECTOR IN SECONDARY.

HOWEVER, CHANGES IN THE PHYSICAL AREA ARE NOT SUFFICIENT TO RESOLVE THE PROBLEMS WHICH CONTRIBUTE TO PASSENGER DELAY. AND THE COMPUTERIZATION OF DATA WHICH HAS BEEN SUCCESSFUL IN THE MARINE CARGO OPERATION IS NOT FEASIBLE WITH PASSENGERS. OTHER INNOVATIVE ROUTING AND PROCESSING TECHNIQUES MUST BE TRIED.

LET ME BRIEFLY EXPLAIN WHAT HAPPENS TO A PASSENGER WHEN HE DEPLANES AT SEA-TAC FROM AN INTERNATIONAL FLIGHT.

WHEN A PASSENGER GETS OFF AN INCOMING FLIGHT, HE IS DIRECTED WITHIN A SECURE AREA TO THE FEDERAL INSPECTION FACILITY. HE RIDES AN ESCALATOR DOWN FROM THE GATE LEVEL TO A MEZZANINE AREA WHERE THE U.S. IMMIGRATION AND NATURALIZATION SERVICE IS LOCATED. SEATTLE HAS WHAT IS KNOWN AS A "TWO-STOP SYSTEM WITH U.S. CITIZEN BYPASS." IF OUR PASSENGER IS A U.S. CITIZEN, HE WILL NOT BE REQUIRED TO CLEAR IMMIGRATION, BUT CAN PROCEED DIRECTLY TO THE BAGGAGE CLAIM AND CUSTOMS AREAS. IF HE IS A FOREIGN NATIONAL, AN IMMIGRANT OR A REFUGEE, HE MUST GO THROUGH IMMIGRATION.

ONCE THE PASSENGER CLEARS IMMIGRATION, HE MAY PROCEED DOWN ANOTHER ESCALATOR TO THE CUSTOMS AND BAGGAGE CLAIM AREAS ON THE TRANSIT LEVEL. HERE, HE PICKS UP HIS BAGGAGE AND STANDS IN LINE FOR PRIMARY CUSTOMS INSPECTION. IF OUR PASSENGER COMES IN WHEN THERE ARE NO OTHER FLIGHTS IN THE PROCESSING FACILITY, HE

MAY CLEAR BOTH IMMIGRATION AND CUSTOMS IN UNDER TWO HOURS. BUT IF HE ARRIVES LATE ON A SUNDAY MORNING, ONE OF OUR BUSIEST TIMES, HE COULD BE IN LINE BEHIND PASSENGERS FROM FIVE OTHER INTERNATIONAL FLIGHTS. IN THAT CASE, HE MAY BE IN THE INSPECTION FACILITY FOR AS LONG AS FOUR HOURS. IF OUR PASSENGER IS A FOREIGN NATIONAL, HE COULD BE STANDING IN LINE FOR CUSTOMS BEHIND U.S. CITIZENS WHO ARRIVED ON FLIGHTS AFTER HIS. THIS OCCURS BECAUSE NON-CITIZENS MUST GO THROUGH IMMIGRATION, WHILE CITIZENS ARE PERMITTED TO BYPASS THAT STOP.

SEA-TAC INTERNATIONAL AIRPORT EXPERIENCES ITS PEAK INTERNATIONAL ARRIVALS DAILY FROM 9:00 A.M. TO NOON. DURING THIS THREE HOUR PERIOD, UP TO SIX INTERNATIONAL FLIGHTS MAY ARRIVE ON ANY GIVEN DAY, WITH A TOTAL SEATING CAPACITY OF UP TO 2300. FRIDAYS AND SUNDAYS ARE OUR HEAVIEST DAYS, AND SUMMER IS OUR HEAVIEST SEASON. ON SUNDAYS IN AUGUST LAST YEAR, THERE WERE TWO NORTHWEST FLIGHTS, TWO UNITED FLIGHTS, ONE JAL FLIGHT AND ONE THAI FLIGHT, ALL ARRIVING BETWEEN 9:30 A.M. AND NOON. FOUR OF THOSE FLIGHTS ORIGINATED IN TOKYO, ONE IN SEOUL, AND ONE IN HONG KONG. ON OUR LIGHTEST DAYS, UP TO 1360 PASSENGERS FROM FOUR FLIGHTS MAY ARRIVE IN THE INSPECTION FACILITY DURING A THREE HOUR PERIOD IN THE MORNING. FOR THE RECORD, I HAVE ATTACHED A TABLE SHOWING SEA-TAC'S INTERNATIONAL ARRIVALS FOR THE MONTHS OF AUGUST, 1984, AND JANUARY, 1985, AND INDICATING THE TOTAL PASSENGER CAPACITY FOR EACH DAY.

THERE ARE TWO PRIMARY VARIABLES WHICH AFFECT THE AMOUNT OF TIME AN INDIVIDUAL PASSENGER SPENDS IN THE INSPECTION FACILITY. THEY ARE: THE NUMBER OF INSPECTORS ON DUTY; AND THE TIME IT TAKES TO PROCESS EACH INDIVIDUAL PASSENGER. A CHANGE IN EITHER VARIABLE CAN IMPACT THE OVERALL TIME IT TAKES TO CLEAR THE PASSENGERS FROM A FLIGHT. USING THE HYPOTHETICAL ASSUMPTION THAT EACH OF THE SCHEDULED FLIGHTS ARRIVED FILLED TO CAPACITY, AND TAKING THURSDAYS IN JANUARY AS A REPRESENTATIVE DAY, WE FIND THE FOLLOWING:

- WITH TEN INSPECTORS AND A THREE MINUTE TRANSACTION TIME PER PASSENGER, IT WOULD TAKE THE AVERAGE FLIGHT FOUR HOURS, SEVEN MINUTES TO CLEAR THE CUSTOMS FACILITY.

- REDUCING THE TRANSACTION TIME TO TWO MINUTES CUTS THE TOTAL PROCESSING TIME PER FLIGHT TO TWO HOURS, 31 MINUTES.

- SIMILARLY, INCREASING THE NUMBER OF INSPECTORS TO FIFTEEN, WHILE HOLDING THE PROCESSING TIME CONSTANT AT THREE MINUTES PER PASSENGER, CAN ALSO REDUCE THE CLEARANCE TIME PER FLIGHT TO TWO HOURS, 31 MINUTES.

FOR THE RECORD, I HAVE ATTACHED CHARTS SHOWING THIS HYPOTHETICAL SITUATION AT THE END OF MY TESTIMONY.

CUSTOMS HAS NOT BEEN WITHOUT INITIATIVE IN DEALING WITH THE PROBLEM A GROWING PASSENGER LOAD HAS CREATED. THEY HAVE BEEN USING A "ROVER" TECHNIQUE WITH SOME SUCCESS, AND EXPECT TO GO TO A "RED LIGHT/GREEN LIGHT" SYSTEM BEFORE SUMMER. THE ROVER TECHNIQUE INVOLVES AN INSPECTOR WHO CIRCULATES THROUGH THE CROWD WHILE THEY ARE WAITING FOR THEIR LUGGAGE, AND MAKES DECISIONS TO ALLOW SOME OF THEM TO BYPASS INSPECTION. RED LIGHT/GREEN LIGHT WILL PERMIT PASSENGERS TO SELECT A QUICKER ROUTE IF THEY HAVE NOTHING TO DECLARE. OF COURSE, CUSTOMS HAS THE FINAL DETERMINATION IN THIS SYSTEM REGARDING WHETHER TO PERFORM AN IN-DEPTH INSPECTION. THROUGH TECHNIQUES LIKE THESE, AND THROUGH INCREASED USAGE OF "PROFILES" OF PROBLEM PASSENGERS, CUSTOMS HAS SIGNIFICANTLY LOWERED ITS INSPECTION TIME PER PASSENGER, AND IS MAKING FASTER AND MORE EFFICIENT DETERMINATIONS IN PRIMARY REGARDING WHETHER TO PERFORM A MORE THOROUGH INVESTIGATION. THESE ARE POSITIVE CHANGES, AND I WOULD LIKE TO ENCOURAGE CUSTOMS TO KEEP IT UP.

BUT I AM CONCERNED THAT, AS OUR TRAFFIC GROWS, THESE KINDS OF CHANGES WILL NOT BE SUFFICIENT TO MAINTAIN REASONABLE PROCESSING TIMES, AND THAT SEATTLE'S REPUTATION AS A PORT OF ENTRY WILL SUFFER. WE ARE ALREADY BEGINNING TO SEE THAT HAPPEN, WITH NEWS ARTICLES IN THE NATIONAL PRESS WHICH ARE UNCOMPLIMENTARY TO US. WE WOULD LIKE TO NIP THAT TREND IN THE BUD, IF POSSIBLE, BY USING ANY METHOD AT HAND WHICH WILL PRESERVE THE INTEGRITY OF THE ENFORCEMENT PROCESS WHILE FACILITATING THE MOVEMENT OF PASSENGERS THROUGH BOTH IMMIGRATION AND CUSTOMS.

SUCH METHODS MIGHT INCLUDE ESTABLISHMENT OF A "ONE-STOP" PRIMARY CLEARANCE TECHNIQUE, IN WHICH CUSTOMS AND IMMIGRATION OFFICERS ARE CROSS-TRAINED TO ASK QUESTIONS RELATING TO BOTH AREAS OF RESPONSIBILITY. IN THIS APPROACH, PASSENGERS STOP ONLY ONCE IN A PRIMARY INSPECTION BOOTH, RATHER THEN TWICE. THIS IS A PROPOSAL WE HAVE DISCUSSED IN THE PAST WITH CUSTOMS OFFICIALS, AND WOULD BE MOST INTERESTED IN IMPLEMENTING. OF COURSE, THIS IS ONLY ONE SUGGESTION WHICH MIGHT EASE OUR CONGESTION. THERE ARE OTHERS, AND WE REMAIN OPEN TO DISCUSSION AND IMPLEMENTATION OF ANY WHICH COULD IMPROVE PROCESSING IN OUR PORT.

HAVING GIVEN YOU AN OVERVIEW OF SEATTLE'S SITUATION, I WOULD NOW LIKE TO INTRODUCE CAMERON HINKE, DIRECTOR OF FACILITIES FOR NORTHWEST AIRLINES, WHO WILL GIVE YOU SOME SPECIFICS FROM THE AIRLINE POINT OF VIEW.

SEA-TAC INTERNATIONAL ARRIVALS

JANUARY, 1985

Flight	Aircraft	From	Arrival	Max.Pax.	1	2	3	4	5	6	7
Northwest 008	B747	Tokyo	0930	400	M	T	W	T	F	S	S
Japan 010	B747	Tokyo	0930	340		T			F		S
Northwest 020	B747	Seoul	0950	400	M			T	F	S	S
United 018	DC10	Hong Kong	1015	230	M	T	W	T	F	S	S
United 150	B747	Tokyo	1035	367	M		W	T	F	S	S
Thai 740	B747	Tokyo	1035	364		T	W		F		S
British Air 287	B747	London	1135	256		T					
SAS 937	DC10	Copenhagen	1210	226		T		T	F		S
Finnair 141	DC10	Helsinki	1325	242							S
British Air 087	B747	London	1420	256					F		
British Air 087	B747	London	1555	256							S
Mexicana 980	B727	Mazatlan	1720	155	M		W	T	F	S	S
Pan Am 120	B747	London	1720	385				T		S	
Mexicana 982	B727	Puerto Vallarta	1825	155	M	T			F	S	S
TOTAL PASSENGER CAPACITY BY DAY:					M 1707	T 2001	W 1516	T 2163	F 2893	S 2092	S 3135

Total passenger capacity per week: 15,507

SEA-TAC INTERNATIONAL ARRIVALS

AUGUST, 1984

Flight	Aircraft	From	Arrival	Max. Pax.	1	2	3	4	5	6	7
LTU 1536	L1011	Dusseldorf	0800	276				T			
Martinair	DC10	Amsterdam	0830	220	M	T		T			S
Northwest 008	B747	Tokyo	0930	400	M	T	W	T	F	S	S
Japan 010	B747	Tokyo	1030	340		T			F		S
Northwest 020	B747	Seoul	1030	400	M	T		T	F	S	S
United 018	DC10	Hong Kong	1030	230	M	T	W	T	F	S	S
United 150	B747	Tokyo	1050	367	M		W	T	F	S	S
Thai 740	B747	Tokyo	1200	364			W	T	F		S
SAS 937	DC10	Copenhagen	1230	226	M	T		T			S
British Air 087	B747	London	1400	256	M	T			F	S	
Mexicana 980	B727	Mazatlan	1800	155	M	T		T		S	
Pan Am 123	B747	London	1800	385			W	T	F	S	S
Mexicana 982	B727	Puerto Vall.	1800	155			W		F	S	
Finnair 143	DC10	Helsinki	1850	242							S

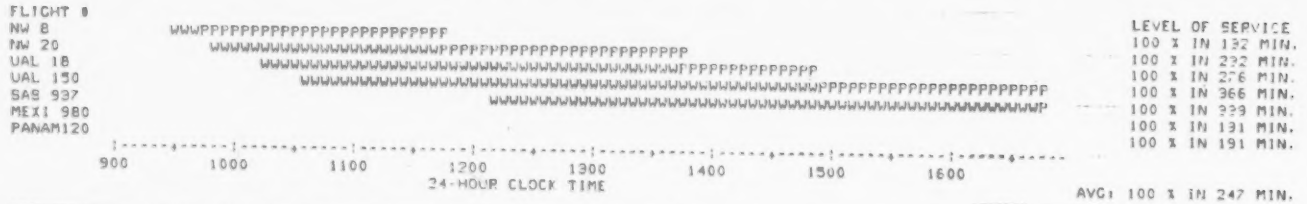
M	T	W	T	F	S	S
2254	2227	1901	3023	2897	2348	3174

TOTAL PASSENGER CAPACITY BY DAY:

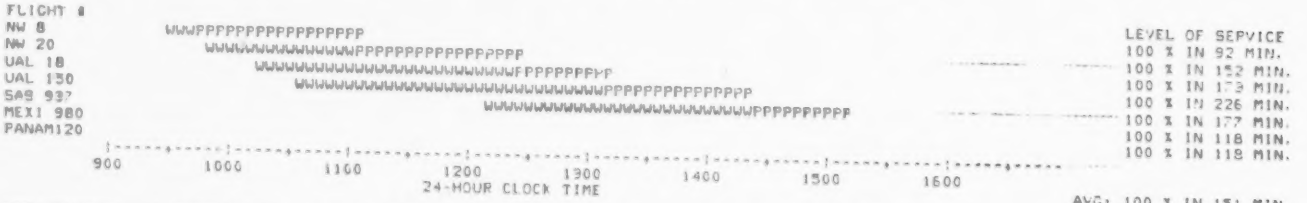
Total passenger capacity per week: 17,824

VARIABLE PROCESSING RATE

SEATAC CUSTOMS LEVEL OF SERVICE ANALYSIS
THURSDAYS IN JANUARY, 1985



ASSUMPTIONS: 10 INSPECTORS, 3.0 MIN. TRANSACTION TIME, GIVING AN OVERALL RATE OF 200 PAX PER HOUR.



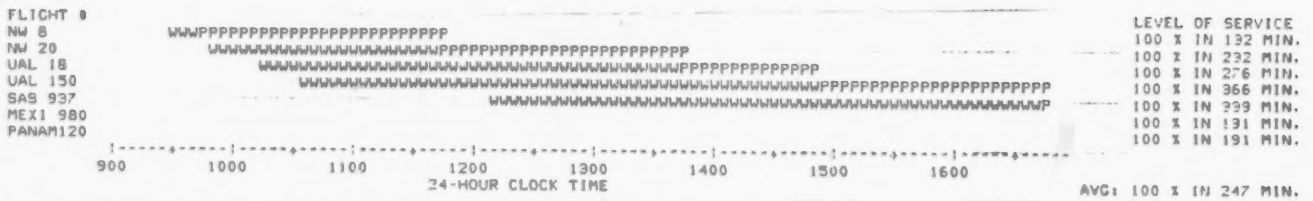
ASSUMPTIONS: 10 INSPECTORS, 2.0 MIN. TRANSACTION TIME, GIVING AN OVERALL RATE OF 300 PAX PER HOUR.

This chart indicates how a change in processing rate can influence the time passengers spend in Customs. Given ten primary inspectors in each instance, a three minute processing rate per passenger results in an overall rate of 200 passengers per hour. Reducing the processing rate to two minutes per passenger gives an overall rate of 300 passengers per hour. If inspectors adhere to the two minute rate, the average flight can clear the facility in two hours, thirty one minutes. If the three minute rate prevails, the average clearance time per flight is four hours, seven minutes.

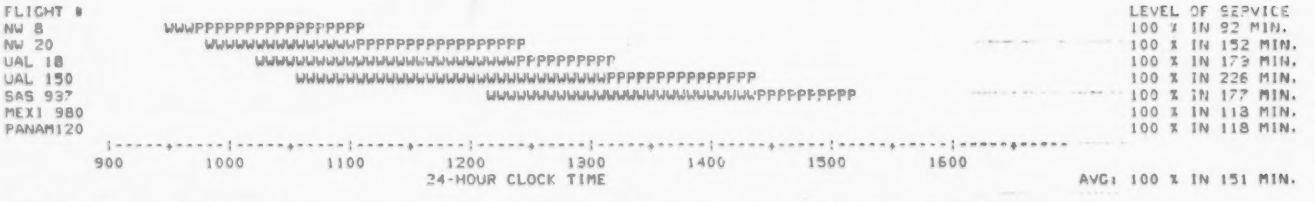
W indicates passengers waiting in line
P indicates passengers being processed

VARIABLE NUMBER OF INSPECTORS

SEATAC CUSTOMS LEVEL OF SERVICE ANALYSIS
THURSDAYS IN JANUARY, 1985



ASSUMPTIONS: 10 INSPECTORS, 3.0 MIN. TRANSACTION TIME, GIVING AN OVERALL RATE OF 200 PAX PER HOUR.



ASSUMPTIONS: 15 INSPECTORS, 3.0 MIN. TRANSACTION TIME, GIVING AN OVERALL RATE OF 300 PAX PER HOUR.

The other variable which can change is the number of primary inspectors. Ten inspectors, working at a rate of three minutes per passenger, have an overall rate of 200 passengers per hour. Average processing time per flight is four hours, seven minutes. If the number of primary inspectors is increased to fifteen, a three minute transaction time results in an overall rate of 300 passengers per hour. The service level improves to two and a half hours per flight.

W indicates passengers waiting in line
P indicates passengers being processed

Port of Seattle
Planning and Research

SEA-TAC INTERNATIONAL AIRPORT TRAFFIC

Air Freight

YEAR	DOMESTIC		INTERNATIONAL		TOTAL	
	Metric Tons	Share	Metric Tons	Share	Metric Tons	Share
1981 I	33,136	23.2%	4,244	22.4%	37,380	23.2%
II	37,602	26.4%	4,946	26.2%	42,548	26.4%
III	38,839	27.3%	5,295	28.0%	44,134	27.3%
IV	32,959	23.1%	4,414	23.4%	37,373	23.1%
TOTAL	142,536	100.0%	18,899	100.0%	161,435	100.0%
1982 I	27,806	21.4%	3,836	21.2%	31,642	21.4%
II	32,309	24.9%	3,836	21.2%	31,642	21.4%
III	37,133	28.6%	5,028	27.8%	42,161	28.5%
IV	32,632	25.1%	4,751	26.2%	37,383	25.2%
TOTAL	129,880	100.0%	18,106	100.0%	147,986	100.0%
1983 I	30,708	22.4%	3,994	18.3%	34,702	21.9%
II	34,194	25.0%	5,111	23.4%	39,305	24.7%
III	37,303	27.2%	6,109	28.0%	43,412	27.3%
IV	34,868	25.4%	6,630	30.3%	41,498	26.1%
TOTAL	137,073	100.0%	21,844	100.0%	158,917	100.0%

Air Passengers

YEAR	DOMESTIC		INTERNATIONAL		TOTAL	
	Passengers	Share	Passengers	Share	Passengers	Share
1981 I	1,661,626	20.4%	178,293	18.5%	1,839,919	20.2%
II	2,094,026	25.7%	266,116	27.5%	2,360,142	25.9%
III	2,451,455	30.1%	319,483	33.0%	2,770,938	30.4%
IV	1,943,531	23.8%	203,115	21.0%	2,146,646	23.5%
TOTAL	8,150,638	100.0%	967,007	100.0%	9,117,645	100.0%
1982 I	1,817,363	21.3%	172,887	22.7%	1,990,250	21.4%
II	2,193,404	25.8%	199,172	26.2%	2,392,576	25.8%
III	2,493,131	29.3%	231,639	30.5%	2,724,770	29.4%
IV	2,014,468	23.6%	156,673	20.6%	2,171,141	23.4%
TOTAL	8,518,366	100.0%	760,371	100.0%	9,278,737	100.0%
1983 I	2,031,390	21.9%	155,268	17.6%	2,186,658	21.6%
II	2,310,610	25.0%	217,280	24.5%	2,527,890	24.9%
III	2,691,302	29.1%	300,538	33.9%	2,991,890	29.5%
IV	2,222,734	24.0%	212,615	24.0%	2,435,349	24.0%
TOTAL	9,256,031	100.0%	885,701	100.0%	10,141,732	100.0%

Source: Planning & Research Department

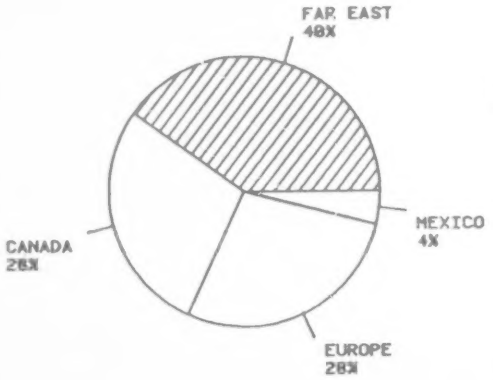
AIR PASSENGERS

SEA-TAC INTERNATIONAL AIRPORT

3rd QUARTER 1984

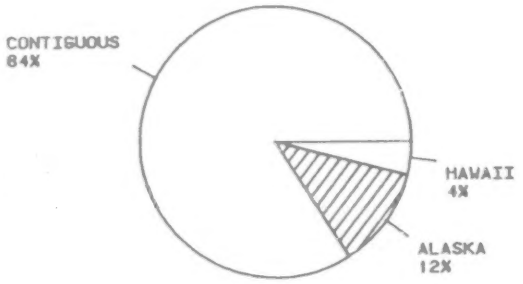
INTERNATIONAL

TOTAL: .33 MILLION PASSENGERS



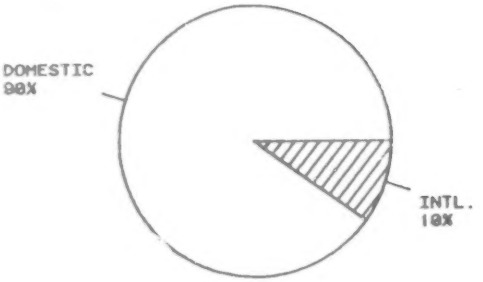
DOMESTIC

TOTAL: 2.84 MILLION PASSENGERS



TOTAL

TOTAL: 3.16 MILLION PASSENGERS



Port of Seattle
Planning and Research

SEA-TAC INTERNATIONAL AIRPORT
DOMESTIC AND INTERNATIONAL
AIR PASSENGERS

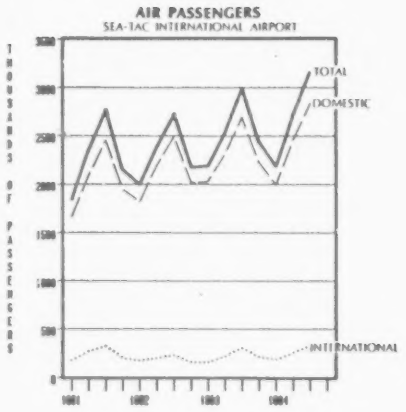
	Alaska	Hawaii	Continguous U.S.	Domestic Total	Canada	Mexico	Far East	Europe	International Total	Grand Total
1961	202,658	39,864	1,183,986	1,426,508	157,357	-	30,722	4,680	192,759	1,619,267
1962	219,430	67,270	1,510,784	1,797,464	163,997	-	33,337	5,501	202,835	2,000,299
1963	215,388	54,359	1,334,448	1,604,907	145,833	-	24,425	6,080	176,338	1,781,245
1964	254,987	52,498	1,481,749	1,789,234	170,108	-	32,225	9,364	211,697	2,000,931
1965	285,655	65,181	1,735,000	2,085,836	203,158	-	39,139	9,568	251,865	2,337,701
1966	319,174	86,814	2,133,594	2,539,582	208,306	-	58,229	15,890	282,425	2,822,007
1967	390,049	113,288	3,011,493	3,514,830	227,426	-	76,956	34,395	338,777	3,853,607
1968	401,849	126,642	3,541,707	4,070,198	242,853	-	75,547	46,180	364,580	4,434,778
1969	430,600	133,766	3,858,634	4,423,000	247,872	-	83,069	50,987	381,928	4,804,928
1970	457,573	150,377	3,662,307	4,270,257	248,813	-	67,442	66,931	383,186	4,653,443
1971	468,944	168,508	3,681,884	4,319,336	254,277	-	58,336	65,657	378,269	4,697,605
1972	514,323	211,679	3,655,859	4,381,861	273,640	-	47,387	86,074	407,101	4,788,962
1973	523,366	241,252	3,879,436	4,644,053	375,565	-	88,248	97,227	561,040	5,205,093
1974	604,467	261,344	4,271,923	5,137,734	434,970	-	99,485	100,027	634,482	5,772,216
1975	775,544	298,753	4,422,881	5,497,178	393,584	-	115,269	106,392	615,245	6,112,423
1976	900,285	338,515	4,919,245	6,158,045	387,755	-	129,572	131,376	648,703	6,806,748
1977	891,760	355,529	5,399,124	6,646,413	398,371	-	140,938	146,721	686,030	7,332,443
1978	991,516	328,370	6,346,097	7,665,983	409,659	-	98,715	193,620	701,994	8,367,977
1979	1,052,382	535 192	7,430,031	9,017,605	382,752	8,036	171,527	240,499	802,814	9,820,419
1980	1,025,751	354,576	6,866,899	8,247,226	428,044	33,577	239,983	245,820	947,424	9,194,650
1981	1,104,083	312,000	6,734,540	8,150,623	414,004	42,870	270,858	239,275	967,007	9,117,630
1982	1,055,911	367,554	7,094,901	8,518,366	308,247	42,413	206,163	203,548	760,371	9,278,737
1983	1,141,990	364,504	7,749,542	9,256,036	294,294	76,351	318,288	196,631	885,701*	10,141,737

*Includes other passenger destinations

AIR PASSENGERS

SEA-TAC INTERNATIONAL AIRPORT

	DOMESTIC		INTERNATIONAL		TOTAL	
	Total Passengers	Annual Change	Total Passengers	Annual Change	Total Passengers	Annual Change
1975	5,497,178	7.0%	615,245	-12.4%	6,112,423	5.9%
1976	6,158,045	12.0%	648,703	5.4%	6,806,748	11.4%
1977	6,646,413	7.9%	686,030	5.8%	7,332,443	7.7%
1978	7,665,981	15.3%	701,996	2.3%	8,367,977	14.1%
1979	9,017,605	17.6%	802,814	14.4%	9,820,419	17.4%
1980	8,246,811	-8.5%	947,839	18.1%	9,194,650	-6.4%
1981	8,150,638	-1.2%	967,007	2.0%	9,117,645	-.8%
1982	8,518,366	4.5%	760,371	-21.4%	9,278,737	1.8%
1983	9,256,036	8.7%	885,701	16.5%	10,141,737	9.3%
1981 I	1,661,626	-8.8%	178,293	.9%	1,839,919	-7.9%
II	2,094,026	.6%	266,116	4.2%	2,360,142	1.0%
III	2,451,455	-.2%	319,483	2.2%	2,770,938	.1%
IV	1,943,531	2.9%	203,115	.1%	2,146,646	2.6%
1982 I	1,817,363	9.4%	172,887	-3.0%	1,990,250	8.2%
II	2,193,404	4.7%	199,172	-25.2%	2,392,576	1.4%
III	2,493,131	1.7%	231,639	-27.5%	2,724,770	-1.7%
IV	2,014,468	3.6%	156,673	-22.9%	2,171,141	1.1%
1983 I	2,031,390	11.8%	155,268	-10.2%	2,186,658	9.9%
II	2,310,610	5.3%	217,280	9.1%	2,527,890	5.7%
III	2,691,302	7.9%	300,538	29.7%	2,991,890	9.8%
IV	2,222,734	10.3%	212,615	35.7%	2,435,349	12.2%
1984 I	1,989,890	-2.0%	185,500	19.5%	2,175,390	-.5%
II	2,457,807	6.4%	253,695	16.8%	2,711,502	7.3%
III	2,836,219	5.4%	325,897	8.4%	3,162,116	5.7%

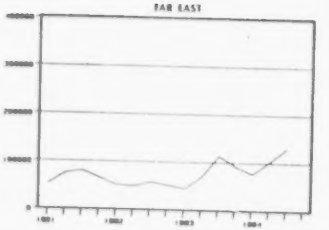


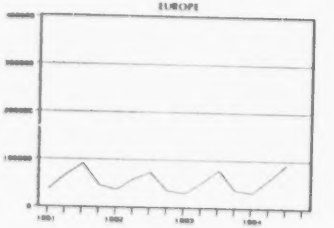
Planning and Research Department
II Quarter 1984 Trends

INTERNATIONAL AIR PASSENGERS

SEA-TAC INTERNATIONAL AIRPORT

	FAR EAST		EUROPE	
	Total Passengers	Annual Change	Total Passengers	Annual Change
1975	115,269	15.8%	106,392	6.4%
1976	129,572	12.4%	131,376	23.5%
1977	140,938	8.8%	146,721	11.7%
1978	98,715	-30.0%	193,622	32.0%
1979	171,527	73.8%	240,499	24.2%
1980	239,983	39.9%	246,797	2.6%
1981	270,858	12.9%	239,275	-3.0%
1982	206,163	-23.9%	203,548	-14.9%
1983	318,288	54.4%	196,631	-3.4%
1981 I	52,302	8.1%	37,221	28.0%
II	74,442	21.2%	67,035	-10.6%
III	79,834	14.0%	90,216	-7.3%
IV	64,280	6.9%	44,803	-1.4%
1982 I	50,442	-3.6%	36,195	-2.8%
II	48,102	-35.4%	59,192	-11.7%
III	56,781	-28.9%	73,148	-18.9%
IV	50,838	-20.9%	35,013	-21.9%
1983 I	43,674	-13.4%	29,267	-19.1%
II	69,555	44.6%	52,063	-12.0%
III	113,322	99.6%	78,715	7.6%
IV	91,737	80.4%	36,586	4.5%
1984 I	76,085	74.2%	31,611	8.0%
II	101,700	46.2%	60,625	16.4%
III	130,960	15.6%	91,779	16.6%





Planning and Research Department
II Quarter 1984 Trends

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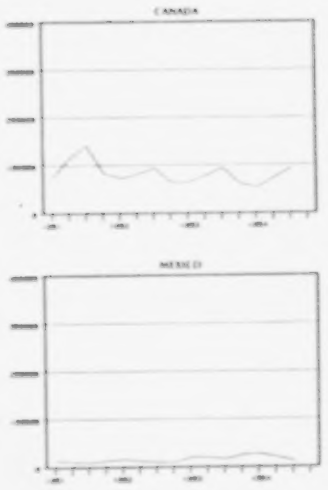
INTERNATIONAL AIR PASSENGERS

SEA-TAC INTERNATIONAL AIRPORT

	CANADA		MEXICO	
	Total Passengers	Annual Change	Total Passengers	Annual Change
1975	393,584	-9.5%	--	
1976	387,755	-1.5%	--	
1977	398,371	2.7%	--	
1978	409,659	2.8%	--	
1979	382,752	-6.6%	NA	
1980	416,044	8.7%	33,015	*
1981	414,004	-.5%	42,870	29.8%
1982	308,247	-25.5%	42,413	-1.1%
1983	294,294	-4.5%	76,351	80.0%
1981 I	76,016	-14.0%	12,754	17.3%
II	115,131	3.2%	9,508	24.2%
III	141,195	.8%	8,238	57.0%
IV	81,662	7.2%	12,370	33.9%
1982 I	71,525	-5.9%	14,725	15.4%
II	80,935	-29.7%	10,943	15.1%
III	93,240	-34.0%	8,470	2.8%
IV	62,547	-23.4%	8,275	-33.1%
1983 I	63,195	-11.6%	18,995	29.0%
II	77,728	-4.0%	17,934	63.9%
III	93,464	.2%	15,037	77.5%
IV	59,907	-4.2%	24,385	194.7%
1984 I	51,708	-18.2%	26,096	37.4%
II	72,701	-6.5%	18,669	4.1%
III	92,349	-1.2%	10,809	-28.1%

*Over 250% increase

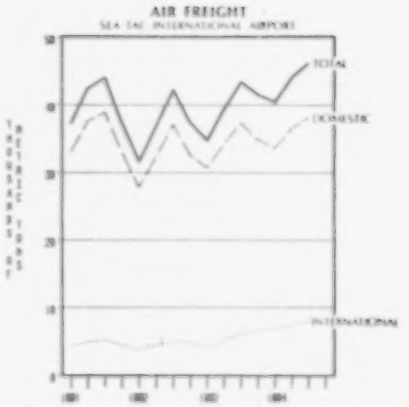
Planning and Research Department
II Quarter 1984 Trends



AIR FREIGHT

SEA-TAC INTERNATIONAL AIRPORT

	DOMESTIC		INTERNATIONAL		TOTAL	
	Metric Tons	Annual Change	Metric Tons	Annual Change	Metric Tons	Annual Change
1975	141,232	24.6%	11,516	-25.5%	152,748	18.6%
1976	148,542	5.2%	14,263	23.8%	162,805	6.6%
1977	161,225	8.5%	12,597	-11.7%	173,822	6.8%
1978	154,014	-4.5%	15,291	21.4%	169,305	-2.6%
1979	148,748	-3.4%	23,075	50.9%	171,823	1.5%
1980	140,318	-5.7%	21,375	-7.4%	161,693	-5.9%
1981	142,536	1.6%	18,899	-11.6%	161,435	-.2%
1982	129,880	-8.9%	18,106	-4.2%	147,986	-8.3%
1983	137,073	5.5%	21,844	20.6%	158,917	7.4%
1981 I	33,136	1.9%	4,244	4.3%	37,380	2.2%
II	37,602	7.5%	4,946	-4.6%	42,548	6.0%
III	38,839	-2.4%	5,295	-7.4%	44,134	-3.0%
IV	32,959	-.3%	4,414	-31.0%	37,373	-5.3%
1982 I	27,806	-16.1%	3,836	-9.6%	31,642	-15.4%
II	32,309	-14.1%	4,491	-9.3%	36,800	-13.5%
III	37,133	-4.4%	5,028	-5.0%	42,161	-4.5%
IV	32,632	-1.0%	4,751	7.6%	37,383	—
1983 I	30,708	10.4%	3,994	4.1%	34,702	9.7%
II	34,194	5.8%	5,111	13.8%	39,305	6.8%
III	37,303	.5%	6,109	21.5%	43,412	3.0%
IV	34,868	6.9%	6,630	39.5%	41,498	11.0%
1984 I	33,550	9.3%	6,829	71.0%	40,379	16.4%
II	36,606	7.1%	7,472	46.2%	44,078	12.1%
III	38,184	2.4%	8,001	31.0%	46,185	6.4%



Planning and Research Department
II Quarter 1984 Trends

Port of Seattle
Planning and Research

SEA-TAC INTERNATIONAL AIRPORT
DOMESTIC AND INTERNATIONAL
AIR FREIGHT

	Alaska	Hawaii	Contiguous U.S.	Domestic Total	Canada	Mexico	Far East	Europe	International Total	Grand Total
1961	6,096	223	14,336	20,655	189	-	771	16	976	21,631
1962	6,671	256	19,256	26,183	204	-	709	24	937	27,120
1963	6,924	304	18,320	25,548	194	-	88	26	308	25,856
1964	10,015	327	22,889	33,231	222	-	-	49	271	33,502
1965	9,344	387	29,859	39,590	220	-	-	47	294	39,884
1966	9,330	386	37,474	47,190	261	-	-	229	490	47,680
1967	6,554	3,818	48,577	58,949	278	-	-	149	427	59,376
1968	2,151	-	66,498	68,649	329	-	-	464	793	69,442
1969	2,651	-	75,257	77,908	300	-	-	559	859	78,767
1970	4,248	3,752	66,031	74,031	331	-	-	716	1,047	75,078
1971	4,179	2,858	75,353	82,988	622	-	-	873	1,495	83,861
1972	5,862	-	86,693	86,693	1,051	-	-	926	1,977	88,670
1973	7,277	590	100,284	108,151	2,753	-	-	1,419	4,172	112,323
1974	6,309	3,492	117,276	127,077	3,157	-	-	635	3,792	130,869
1975	38,777	8,892	94,011	141,680	5,019	-	4,696	1,719	11,434	153,114
1976	36,548	10,387	101,424	148,359	6,909	-	5,010	2,265	14,184	162,543
1977	38,186	13,138	109,751	161,075	5,828	-	4,249	2,466	12,543	173,618
1978	26,943	11,612	115,242	153,797	6,689	-	5,170	3,407	15,266	169,063
1979	25,504	11,394	113,144	150,042	6,306	-	8,091	6,998	21,395	171,437
1980	19,016	5,546	116,899	141,461	4,532	111	8,746	6,560	19,949	161,410
1981	21,575	7,721	113,239	142,535	4,142	163	7,350	7,244	18,899	161,434
1982	22,780	9,706	97,387	129,873	3,224	119	7,991	6,709	18,077*	147,950
1983	28,105	11,913	97,055	137,073	3,172	38	11,533	7,066	21,844*	158,917

figures are given in metric tons

*Includes other freight destinations

DEPARTMENT OF THE TREASURY
U.S. CUSTOMS SERVICE
SEATTLE, WASHINGTON

January 17, 1985

REPLY TO
MAN 1-DA:D:IC:CAID

SEATTLE DISTRICT

CUSTOMS TRADE INFORMATION BULLETIN NO. 256

TO: AIRLINE CARRIERS, STEAMSHIP COMPANIES, IN-BOND CARRIERS, FREIGHT FORWARDERS, PORT OF SEATTLE, AND THE FEDERAL AVIATION ADMINISTRATION

FROM: DISTRICT DIRECTOR
SEATTLE DISTRICT

SUBJECT: REDUCED HOURS OF OPERATION BY U. S. CUSTOMS SERVICE AT SEATTLE-TACOMA AIRPORT

Limited resources necessitate a change in the hours of operation by U. S. Customs located at the Seattle-Tacoma Airport. Office facilities at the South Satellite, utilized for the entry and clearance of passengers and aircraft, will operate during the hours 8 A. M. to 5 P. M. effective January ~~21~~ 27, 1985.

Concerned parties seeking U. S. Customs assistance during the hours 5 P. M. and 8 A. M. should submit such requests to the follpwing address:

U. S. Customs Service
909 1st Avenue
Seattle, WA 98174

or

Telephone (206) 442-5391 DOWN TOWN HDQ. 12 WEEK DAYS BOARDING DESK 5 TILL 1700

Private aircraft arriving from foreign are required to give one hour's notice of arrival as usual. It is suggested that private aircraft pilots submit request for service in the usual manner.

BUT THEY ALWAYS ARRIVE BEFORE THE REQUEST ARRIVES

Robert W. Hardy
District Director

REPLY TO: DISTRICT DIRECTOR OF CUSTOMS, SEATTLE, WASHINGTON 98174

BEST COPY AVAILABLE

Senator GORTON. Mr. Hinke.

STATEMENT OF CAMERON F. HINKE, DIRECTOR-FACILITATION, NORTHWEST AIRLINES AND CHAIRMAN OF THE FACILITATION COMMITTEE OF THE AIR TRANSPORT ASSOCIATION OF AMERICA [ATA]

Mr. HINKE. Thank you, Senator Gorton.

My name is Cameron Hinke; I'm director of facilitation for Northwest Airlines and chairman of the Facilitation Committee of the Air Transport Association of America. I'm here today to present the views of the Air Transport Association, which represents most of the scheduled airlines of the United States. Seventeen of the Air Transport Association's member airlines provide regularly scheduled service between the United States and more than 70 countries.

At the outset, we would like to commend the U.S. Customs Service for their past efforts in working closely with us to accommodate the surge of international passengers during the peak summer season. This cooperation has been especially critical in view of the tremendous growth in international traffic at Seattle-Tacoma International Airport.

Federal inspection procedures are mandatory at U.S. airports of entry. We regret to say, however, that the growth in international passenger and cargo traffic and the increases in enforcement activities have not prompted commensurate increases in Federal inspection staffing levels, and we are concerned with the resulting congestion and passenger inconvenience at Sea-Tac and other U.S. gateway cities.

In our statement, we suggest several ways to facilitate the passenger and cargo clearance processes, especially as they relate to Sea-Tac. Those recommendations are summarized as follows here.

Seattle-Tacoma International Airport is in need of increased full-time and part-time customs and immigration staffing. Part-time staffing can be especially valuable in augmenting Customs and Immigration staffing levels during those periods of the day when it is needed. We caution, however, that these staffing increases should result from the creation of new positions and not from a reduction in staff at other locations, since the latter would only serve to aggravate the situation elsewhere.

Another way in which passenger processing times at Sea-Tac can be reduced is through the use of procedural enhancements, such as the one-stop passenger clearance system with primary clearance occurring before baggage claim. With appropriate modification, this system could be employed at Sea-Tac by stationing cross-trained customs and immigration inspectors in that area of the passenger clearance facility where the Immigration booths are located now.

Consideration should also be given to employing a version of the European dual-channel system similar to that in use at Houston. We further suggest that an additional customs cashier position be constructed, and that the position be staffed by U.S. Customs, especially during the morning peak.

On a broader scale, ways should be explored to reduce the amount of Immigration form completions required by foreign na-

tionals at our gateways, and consideration should be given to expanding U.S. preclearance procedure to other locations abroad.

Improved efficiencies in the processing of cargo by U.S. Customs must also continue. Plans are underway by the Port Authorities at New York and Miami airports to computerize international air cargo processing. U.S. Customs will be a major beneficiary of those programs and, eventually, similar programs at other airports and, accordingly, should be participating in the funding.

Our national policy calls for measures to encourage travel, tourism, and trade and concurrently to prevent the entry of unlawful narcotics, illegal aliens, contraband, and dangerous animal, plant, and human diseases.

In sum, the functions of the Federal inspection agencies are designed to protect and promote the public and national interest. The Federal inspection agencies are fortunate to have many inspectors and supervisory personnel who accept the full measure of their responsibilities; but, as with any task, the resources must be commensurate with the duties and responsibilities given. The present clearance time for arriving international passengers at Seattle-Tacoma International Airport is unacceptable. We urge Congress to take every appropriate step to ensure that facilitative passenger and cargo procedures are introduced, and that full- and part-time staffing is provided to reduce the clearance time for passengers to an acceptable level.

[The prepared statement of Mr. Hinke follows:]

Statement of
Cameron F. Hinke
Air Transport Association
1709 New York Avenue, N.W.
Washington, D.C. 20006
Seattle-Tacoma International
Airport Facilitation Hearing
February 15, 1985

Good afternoon. My name is Cameron F. Hinke. I am Director of Facilitation for Northwest Airlines and Chairman of the Facilitation Committee of the Air Transport Association of America (ATA). I am here today to present the views of the ATA which represents most of the scheduled airlines of the United States. Seventeen of the Air Transport Association's member airlines provide regularly scheduled service between the United States and more than 70 countries.

We appreciate this opportunity to participate in these discussions and to bring to your attention several of our concerns. First, however, I would like to begin by commending the U.S. Customs Service for their past efforts in working closely with us to accommodate the surge of international passengers during the peak summer season. It has been particularly critical for the carriers to have this type of cooperation since there has been a tremendous growth in traffic at the Seattle-Tacoma International Airport (Sea-Tac). Sea-Tac has become a major trans-Pacific gateway and we are hopeful that Customs will be able to continue to augment peak summer season staffing despite the Administration's proposed budget reductions. In addition to the ATA members -- Northwest, United and Pan Am, there are six foreign-flag carriers whose regularly scheduled passenger flights require Customs processing at the Sea-Tac gateway.

It is generally recognized by those in the airline industry that the increases in passenger and cargo traffic and the magnitude of the revenues involved have not prompted the Government to significantly improve the federal inspection process for international air commerce. We are sorry to say that federal inspection agency staffing levels for the most part at our airports are woefully inadequate and have not kept pace with the growth in international passenger and cargo traffic.

In 1983, the Air Transport Association published the "Analysis of Federal Inspection Agency Management and Organization" in which ATA reported that in the five-year period ending with 1982, there was a 41 percent increase in international air passenger travel and a 29 percent increase in air cargo tonnage, while the number of inspectors at our airports did not increase at all. That shortage in federal inspection staff has not diminished in the interim period; rather, it has been exacerbated because of the major growth in international traffic.

In short, while enforcement missions involving high-technology, currency, textiles, drug interdiction, illegal aliens and other matters have grown in scope and intensity, there have not been commensurate increases in federal inspection staff. As a result, services of the federal inspection agencies at many gateways have been reduced and limits placed on the hours of operation. Sea-Tac for one, has been affected.

Additionally, Sea-Tac has a two-stop federal inspection clearance system. The term two-stop means that there is one primary passenger inspection area for Immigration and another primary passenger inspection area for Customs. Passengers enter the federal inspection facility at the upper level where the Immigration booths are located. At this point, non-U.S. citizen passengers are directed to the Immigration area while U.S. citizens are instructed to take the escalator to the baggage claim area on the lower level for Customs

clearance. The purpose of this U.S. citizen bypass procedure is to accelerate Immigration clearance by reducing the number of individuals to be inspected. It is a sound and effective procedure.

However, if Immigration clearance is slow or if a secondary Immigration clearance is required, it is conceivable that U.S. citizens who have arrived on later flights and who have bypassed the Immigration area will be queued in the Customs clearance area by the time some of the foreign nationals complete the Immigration process. This, of course, further increases the chance of the foreign national missing connecting flights. For this reason, adequate Immigration staffing is necessary in order to allow all passengers, including the non-U.S. citizens, to flow continually through the facility as close to flight arrival as possible and thus minimize the potential for clogging the facility by successive arrivals.

For sometime both Northwest and United airlines have been monitoring passenger clearance times at Sea-Tac. The clearance statistics for the months of November and December 1984 and for January 1985 for both Northwest and United are submitted with this statement. The United report reflects the daily clearance times for their flights #150 and #18, while the clearance times shown for Northwest flights #8 and #20 are averaged on a weekly basis.

Frequently, the average clearance time from the moment the aircraft comes to a full stop at the gate or in other words "blocks", until all of the passengers have completed the federal inspection process exceeds one hour and 40 minutes. Additionally, there are many times when the clearance actually takes more than two hours. The minimum interline passenger connecting time for international flights as published in the Official Airline Guide for Seattle is one hour and 30 minutes. Any passenger still in the passenger clearance area for more than 70 minutes is in danger of missing a connecting

flight. Additionally, it should be noted the clearance statistics provided are for the winter months. During the peak summer season, the clearance time will be longer.

The question, then, is what can be done to facilitate the passenger and cargo clearance processes especially as they relate to Sea-Tac? We submit the following recommendations.

INCREASED STAFFING

Seattle-Tacoma International Airport is in need of increased full-time and part-time Customs and Immigration staff. Neither of these agencies are staffing the passenger clearance facility at the level for which it was designed. In the present two-stop configuration, additional Immigration staffing is particularly important since this seems to be the initial cause of many clearance delays.

Part-time staffing can be especially valuable as a means of augmenting Customs and Immigration during those periods of the day when it is needed while at the same time keeping cost to the lowest possible level. During the morning hours, inspector staffing is especially needed at Sea-Tac due to the influx of arriving international flights.

Adequate Customs inspection staff is also needed for cargo processing at our gateways. We commend Customs for their efforts to employ a selective approach in determining which shipments will require physical inspection; however, some shipments will be delayed unless there are sufficient inspectors available to perform examinations on a timely basis. At the same time, we wish to caution that any staffing increases at Sea-Tac should result from the creation of new positions and not from the reduction of staffing at other locations. The latter would only serve to aggravate the situation elsewhere.

ONE STOP

Another way in which passenger processing can be improved at Sea-Tac is by employing the one-stop passenger clearance system, with primary clearance before baggage claim. This procedure, initially called "ASIST" and now termed "Large Airport Option II" by the U.S. Customs Service, was successfully tested at Los Angeles and is currently in use at that airport. Under the one-stop method, Customs and Immigration inspectors are cross-trained to perform each other's function. Most passengers, including non-U.S. citizens, receive a complete Customs and Immigration clearance from the first inspector they encounter. The added advantage of the "ASIST" program is that all passengers can begin the clearance process immediately without awaiting the delivery of their bags.

One-stop clearance positions could be constructed on the upper level of the Seattle inspection facility where the Immigration booths are now. These positions, staffed by cross-trained Customs and Immigration inspectors, would serve to greatly increase the efficiency of primary clearance.

CUSTOMS CASHIERS POSITIONS

Presently, in the Customs clearance area, there is a facility to accommodate two Customs cashiers. During the morning hours, it is not unusual for long queues to develop in front of the Customs cashier. Duty collection could be accelerated by expanding the facility to accommodate three cashiers, provided all three positions were staffed by the U.S. Customs.

DUAL CHANNEL CLEARANCE

Various versions of the red door-green door system are being employed by U.S. Customs at airports across the country, and this is good. The most promising of these systems appear to be the dual channel system in use at Houston. Consideration should be given to eventually employing the Houston

version of the European dual channel system at Sea-Tac as the most desirable method of passenger inspection for such facilities.

U.S. PRECLEARANCE

One of the most complex aspects of air carrier operations is the creation of an airline schedule. Passenger traffic patterns, flight connections, aircraft positioning, curfews, and many other factors go into developing airline schedules. The full explanation of why flights peak is provided in the brochure developed by the Air Transport Association which is being included with our submission. One of the ways recommended for reducing the convergence of international flights at gateways is through the expansion of U.S. preclearance. Under the preclearance procedure, travelers complete U.S. inspectional formalities abroad before boarding flights to the United States. Preclearance has worked well in Canada, Bermuda, and the Bahamas. In addiition to Shannon, which is presently being studied as a potential preclearance location, consideration should be given to expanding U.S. preclearance to London, Frankfurt, Tokyo, Mexico City, and other areas from which large numbers of passengers board flights to several U.S. destinations.

PAPER REDUCTION

Ways should be explored to reduce the amount of form completions being required for foreign nationals at U.S. gateways. Under present procedures, it takes approximately five to eight minutes to process a foreign national student arriving in the United States for the first time. Special Immigration forms are also required for immigrants. Consideration should be given to reducing and simplifying these forms or, as an alternative, to shifting the form completion responsibility to the visa-issuing consulate.

CARGO PROCESSING

Improved efficiencies in the processing of cargo by U.S. Customs must also continue. Plans are underway by Port Authorities at New York Kennedy and Miami airports to computerize international air cargo processing. U.S. Customs will be a major beneficiary of those programs and eventually similar programs at other airports; and accordingly, should be participating in the funding.

In the airline industry we are sensitive to terms such as "on time performance", "passenger connections" and "same day" and "next day" cargo delivery. Technological advances have made air transportation extremely reliable, and our customers have come to expect efficient, dependable service. An airline's very existence today largely depends upon its ability to fulfill those expectations. The passenger clearance formalities at the termination of an international flight are a fatiguing process. It is also the foreign visitor's first glimpse of the United States. While frequently lesser known, the problems associated with international cargo processing can be equally frustrating.

Our national policy calls for measures to encourage travel, tourism and trade; and concurrently, to prevent the entry of unlawful narcotics, illegal aliens, contraband and dangerous animal, plant and human diseases. In sum, the functions performed by the federal inspection agencies are designed to protect and promote the public and national interest. Consequently, the nation as a whole is the primary benefactor of the federal inspection process and is thus properly responsible for funding that interest. Moreover, we should not lose sight of the fact that one of the inspection agencies, the U.S. Customs Service, provides to the general public a healthy return on investment of almost 20 to 1 in view of the duties and taxes collected.

The federal inspection agencies are fortunate to have many inspectors and supervisory personnel who accept the full measure of their responsibilities; but as with any task, the resources must be commensurate with the duties and responsibilities given. The present clearance time for arriving international passengers at the Seattle-Tacoma International Airport is unacceptable. We urge the Congress to take every appropriate step to insure that facilitative procedures are introduced, and full or part-time staffing is provided to reduce that clearance time to an acceptable level. Thank you.

* * *

NORTHWEST AIRLINES

SEATTLE CLEARANCE TIMES

Flights	8	20	8	20	8	20	8	20	8	20	8	20	8	20
Periods	11/02/84 thru 11/08/84		11/09/84 thru 11/15/84		11/16/84 thru 11/22/84		11/23/84 thru 11/29/84		11/30/84 thru 12/06/84		12/07/84 thru 12/13/84		12/14/84 thru 12/20/84	
Average Time: Block to Last Passenger Cleared (in minutes)	110	113	83	116	84	113	74	119	98	104	94	108	90	103

Flights	8	20	8	20	8	20	8	20	8	20	8	20
Periods	12/21/84 thru 12/27/84		12/28/84 thru 1/04/85		1/04/85 thru 1/10/85		1/10/85 thru 1/16/85		1/18/85 thru 1/24/85		1/25/85 thru 1/31/85	
Average Time: Block to Last Passenger Cleared (in minutes)	67	85	94	96	114	131	94	106	96	118	84	100

Note: Figures represent the weekly average for the period indicated. All clearance times are shown in minutes.

PASSENGER HANDLING THRU SEA CUSTOMS - 1985

	FLIGHT 150 NRT-SEA			FLIGHT 18 HKG-SEA		
Date	Arrival Time	Last Psgr Thru	Elapsed Time	Arrival Time	Last Psgr Thru	Elapsed Time
1/1		No-op		1005	1205	2'00"
1/2	1049	1250	2'01"	1018	1210	1'52"
1/3		Diverted			Diverted	
1/4		Cancelled		1351	1500	1'09"
1/5	1235	N/A	N/A	1847	2100	2'13"
1/6	1048	1305	2'17"		Cancelled	
1/7	1059	1230	1'31"	1252	1435	1'43"
1/8		No-op		1106	1250	1'44"
1/9	1111	1230	1'19"	1015	1145	1'30"
1/10	1015	1300	2'45"	0959	1055	56"
1/11	1047	1220	1'38"	0950	1040	50"
1/12	1041	1235	1'54"	1016	1105	49"
1/13	1050	1310	2'20"	1007	1115	1'08"
1/14	1022	1200	1'38"		Cancelled	
1/15		No-op		0943	1130	1'47"
1/16	1407	1625	2'18"	1358	1600	2'02"
1/17	1026	1120	54"	0958	1100	1'02"
1/18	1109	1210	1'01"		Cancelled	
1/19	1042	1205	1'23"	0942	1025	43"
1/20	1240	1410	1'30"	1022	1110	48"
1/21		Diverted			Diverted	
1/22		No-op		1029	1154	1'25"
1/23	1128	1215	47"	1034	1150	1'16"
1/24	1105	1225	1'20"	1048	1150	1'02"
1/25	1036	1235	1'59"	1003	1150	1'47"
1/26	1504	1640	1'36"	1325	1420	55"
1/27	1133	1235	1'02"	1044	1130	54"
1/28	1057	1220	1'23"	1011	1140	1'29"
1/29		No-op		0957	1203	2'06"
1/30	1016	1201	1'45"	0938	1130	1'48"
1/31	1025	1220	1'55"	1002	1140	1'38"

PASSENGER HANDLING THRU SEA CUSTOMS - 1984

	FLIGHT 150 NRT-SEA			FLIGHT 18 HKG-SEA		
Date	Arrival Time	Last Psgr Thru	Elapsed Time	Arrival Time	Last Psgr Thru	Elapsed Time
12/1	1046	1205	1'19"	0950	1105	1'15"
12/2	1024	1204	1'10"	0935	1109	1'34"
12/3	1011	1142	1'31"	0958	1126	1'24"
12/4		No-op		1020	1205	1'45"
12/5	1031	1216	1'45"	1004	1135	1'31"
12/6		Cancelled		0931	1110	1'39"
12/7	1019	1220	2'01"	0932	N/A	N/A
12/8	1025	N/A	N/A	0952	N/A	N/A
12/9	1017	1208	1'51"	0949	1132	1'43"
12/10	1106	1226	1'20"	0942	1131	1'59"
12/11		No-op		0936	1125	1'49"
12/12	1011	1205	1'54"	0939	1122	2'04"
12/13	1003	1210	2'07"	0933	1133	2'00"
12/14	1057	1240	1'43"	0944	1230	1'46"
12/15	1100	1210	1'10"	1641	1700	19"
12/16	1053	1225	1'32"	1004	1206	2'02"
12/17	1040	1218	1'08"	1012	1144	1'32"
12/18		No-op		1006	1206	2'00"
12/19	1039	1228	1'49"	0957	1132	1'35"
12/20	1059	1224	1'25"	1000	1136	1'36"
12/21	1037	1240	2'03"	1018	1210	1'52"
12/22	1045	1240	1'55"	1000	1230	2'30"
12/23	1021	1152	1'31"	0036	1135	10'59"
12/24	1048	1150	1'02"	0939	1121	1'42"
12/25		No-op		0938	1050	1'12"
12/26	1040	1206	1'26"	0949	1130	1'41"
12/27	1136	1240	1'04"	1022	1155	1'33"
12/28	1034	1150	1'16"	0946	1045	55"
12/29	1031	1155	1'24"	0934	1045	1'11"
12/30	1131	1232	1'01"	0919	1106	1'47"
12/31	1024	1202	1'38"	0944	1135	2'19"

PASSENGER HANDLING THRU SEA CUSTOMS - 1984

	FLIGHT 150 NRT-SEA			FLIGHT 18 HKG-SEA		
Date	Arrival Time	Last Psgr Thru	Elapsed Time	Arrival Time	Last Psgr Thru	Elapsed Time
11/1	1002	1203	2'01"	0935	1120	1'45"
11/2	1020	1220	2'00"	0958	1215	2'17"
11/3	1020	1230	2'10"	0952	1220	2'28"
11/4	1026	1140	1'04"	0949	1050	1'01"
11/5	1052	1225	1'33"	1036	1220	1'44"
11/6		No-op		1027	1158	1'31"
11/7	1031	1201	1'30"	1011	1141	1'30"
11/8	1032	1202	1'30"	0957	1126	1'29"
11/9	1023	1150	1'27"	1151	1310	1'19"
11/10	1033	1250	2'17"	1004	1250	2'46"
11/11	1045	1140	55"	0955	1050	55"
11/12	1045	1150	1'05"	1026	1145	1'19"
11/13		No-op		0954	1225	2'31"
11/14	1006	1202	1'56"	1002	1143	1'41"
11/15	1039	1149	1'10"	1002	1133	1'31"
11/16	1019	1150	1'31"	0945	1145	2'00"
11/17	1020	N/A	N/A	1006	1240	2'36"
11/18	1118	1214	56"	1011	1141	1'31"
11/19	1010	1148	1'38"	0932	1112	1'40"
11/20		No-op		0937	1142	2'05"
11/21	1004	1158	1'54"	0952	1136	1'42"
11/22	1000	1210	2'10"	0942	1136	1'54"
11/23	1050	1215	1'25"		Cancelled	
11/24	1037	1200	1'23"	0958	N/A	N/A
11/25	1030	1158	1'28"	0945	1126	1'41"
11/26	1020	1206	1'56"	0953	1133	1'40"
11/27		No-op		0951	1144	1'53"
11/28	0952	1116	1'24"	0917	1059	1'42"
11/29	1120	1240	1'20"	0939	1130	1'41"
11/30	1032	1230	1'58"	1005	1255	2'50"

THE PEAKING OF INTERNATIONAL FLIGHT ARRIVALS

The Best Long-Term Solution

Air Transport Association
1709 New York Avenue, N.W.
Washington, D.C. 20006
August, 1982

"The convenience of air passengers and shippers is the most important factor in developing airline schedules. To the extent that this results in a peaking of arrivals and departures of international flights, the best long-term solution is to facilitate the clearance procedures of Customs and other U.S. inspectional agencies."

Many of the nation's airports—cities in themselves, pumping millions and sometimes billions of dollars into local economies—tend to be busier at some hours than at others. This "peaking" of flight arrivals and departures, as it is called, causes simultaneous peaking at various centers of airport activity—in baggage claim areas, in demand for surface transportation and, with international flights, in the volume of passengers being processed by Customs and other U.S. inspectional agencies.

Over the years, this has raised a question: Why don't the airlines respond to peaking with the seemingly simple approach of merely changing the schedules?

Like so many seemingly simple solutions, changing an airline schedule is not as simple as it seems.

What follows is a brief explanation of the many factors going into development of airline schedules, convenient for passengers and shippers and economically sound for airlines. Then, a few suggestions are presented to overcome peaking by making the processing of arriving international passengers more productive.

Making Airline Schedules

Of all of the aspects of modern airline operation, none is more complex than scheduling. All of the airline's productive resources are involved, including aircraft, crews, ground personnel and station facilities. Successful scheduling requires that they all be combined effectively.

The resources are expensive and getting more so. Aircraft offer a striking case in point. The airlines invested $17 billion in new aircraft in the 1970's, and the current fleet represents an investment of $25 billion. Effective scheduling must put these aircraft to productive use—not only because of the enormous cost involved, but also because airline seats cannot be stockpiled. The airline product must be consumed at flight time. If it is not, the revenue is lost forever.

Many Disciplines Involved

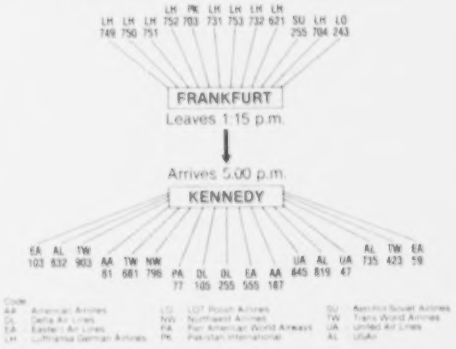
Developing a productive airline schedule brings together many disciplines—from marketing to maintenance—and this cannot be done within the isolation of a single route segment. Each schedule change must take into account:

- Flight connections
- C[illegible] scheduling
- A[illegible]aft utilization
- Productive use of ground personnel and station facilities
- Aircraft maintenance
- Positioning of aircraft to originate other flights
- Curfews and other restraints on using airports at night
- Availability of Customs and Immigration inspectors

The Interrelationships

Flight connections, for example, require that schedules be tightly interwoven. Nearly every flight relates to hundreds of other flights, many of them connecting. The flight departure time from city A determines when the aircraft will be available at city B for assignment to another flight to city C. If the flight is not available at city B in time to make connections, the flight will not be economically productive.

Flight Schedules Are Tightly Interwoven



Aircraft schedules form the basis for crew schedules. Crew schedules, in turn, must conform with strict requirements on rest and layover times prescribed by the Federal Aviation Administration for U.S. carriers and by

governments of other nations for their own carriers.

Good aircraft utilization is important in controlling hourly operating costs. If aircraft utilization goes down—from 10 hours a day to eight hours, for example—the per hour cost of a wide range of items, from depreciation to insurance and administration, all rise significantly.

Curfews have an impact far beyond the airport imposing them. The curfew at London affects the time a plane arrives at Boston. The curfew at Tokyo affects the time a flight arrives at Honolulu.

Limited resources often preclude the availability of Customs and immigration inspectors to clear arriving international flights.

Effect of Curfews on Schedules

International Obligations

In international air transportation, the U.S. Government has certain obligations arising from bilateral agreements entered into with governments of other nations. The provisions of such agreements may not set forth specifically the right of absolute scheduling freedom. But it is implicit that airlines of each of the nations that are parties to the agreements are free to conduct operations in a way that will best serve passengers and shippers, while making the most productive and economic use of available equipment.

In short, there are many factors that must be weighed before a schedule change is made. As important as all of them are, there is another of overriding importance—customer convenience.

Customer Convenience

If an airline is to succeed financially, scheduling must conform to customer convenience. In the final analysis, the needs of the customer, that is, the market, must determine hours and frequency of airline schedules.

Schedule planners try to determine these customer desires. Then the challenge is to match them as closely as possible with workable schedules for operating the company's aircraft systemwide. The aim of the scheduling process is to fly a schedule that will satisfy the needs of enough customers to earn the revenue to pay for the schedule.

This is true of virtually all scheduling. But in the case of transcontinental flights and many international flights, the process is further complicated by the additional factor of time zone changes.

Time Zone Difference Between Various Cites and Honolulu

The Time Zone Factor

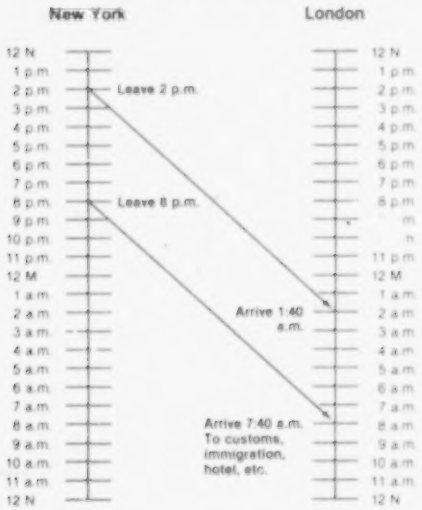
Five hours are lost on a flight from New York to London because of time zone changes. Hence, many periods during the day are not practical for transatlantic departures from the U.S. East Coast because they would result in inconvenient arrival times in Europe.

Sending the flight off from New York at 2 o'clock in the afternoon, for example, would mean an arrival time of about 1:40 the next morning in London—hardly an hour at which the traveler wants to cope with passport control, customs, currency exchange, transportation to the city and hotel check-in.

Consequently, most transatlantic flights from the U.S. East Coast to Europe leave in the evening, between 7 p.m. and 11 p.m., for arrival in European cities at times coinciding with the opening of business the next morning. Westbound transatlantic flights, taking advantage of the time zone factor, leave European cities at mid-morning or slightly later for arrival in the U.S. from mid-to-late afternoon.

Airlines do not peak international service deliberately. When peaking does occur, it is usually due to geography, time zones and other factors beyond the airlines' control.

Time Zones Are a Factor in Scheduling



The air transport industry, spending many millions of dollars each year to promote international air travel, has every reason to avoid delays in the clearance of passengers returning to the United States. But there is a better, more permanent way of avoiding clearance delays than through responding with schedule changes that cause disruption elsewhere in the air transport system.

Facilitating Customs Clearance

The better way is to make the clearance process more productive, hence quicker for most returning passengers. Here are some ways in which this can be done:

- Through the more adequate staffing of Customs and the other inspectional agencies at U.S. gateways.
- Through the expansion of preclearance, whereby the traveler goes through U.S. inspectional procedures at an airport abroad before boarding his flight to the United States. Preclearance has worked well for U.S.-bound passengers at cities in Canada, in Bermuda and in the Bahamas. It should be expanded to such places as Shannon, Frankfurt, Mexico City and Tokyo, and to other cities from which large numbers of international travelers board flights to the U.S.
- The more widespread use of the accelerated specialized inspection system through which an officer of Customs is also trained to perform the inspectional duties of an immigration officer, and vice versa.

Adoption of the red/green dual channel system used in many other countries, and through other random selection and Customs sampling techniques.

To Recap

The convenience of air passengers and shippers is the most important factor in developing airline schedules. To the extent that this results in a peaking of arrivals and departures of international flights, the best long-term solution is to facilitate the clearance procedures of Customs and the other U.S. inspectional agencies.

Senator GORTON. Thank you both very, very much.

Mr. Chairman.

Representative ROYBAL. What is that acceptable level for the clearance of passengers?

Mr. HINKE. Congressman Roybal, I would imagine an acceptable level for clearing passengers to be 60 minutes from the time the airplane blocks.

Representative ROYBAL. Sixty minutes?

Mr. HINKE. Sixty minutes.

Representative ROYBAL. One hour?

Mr. HINKE. That's right.

Representative ROYBAL. And what about cargo?

Mr. HINKE. That's 60 minutes total for all the passengers on board.

Representative ROYBAL. That would be 60 minutes total for all passengers——

Mr. HINKE. That's right. Of course, some passengers are going to clear faster than 60 minutes; some are going to clear right away. But I'm talking about from the time the aircraft blocks until the time the last passenger clears, should not exceed 60 minutes.

Representative ROYBAL. It should take 60 minutes?

Now, what about cargo? How long does that take to actually clear? I'm talking about cargo that does not have to be inspected piece by piece.

Mr. HINKE. Well, if the paperwork arrives on the morning of one day, it can generally be cleared by the next day unless it's special commodity cargo—we mentioned textiles, I think, and some of the other special commodities—they would take longer. If the cargo arrives on a Friday you're not going to have a clearance until Monday morning because Customs is really not open to clear cargo on Saturdays and Sundays.

Senator GORTON. Norm.

Representative DICKS. You mentioned this one-stop clearance approach. What is the objection to that? Why are we having difficulty convincing—I understand that Customs might be willing to go along with it, but the immigration people are opposed? What's the problem?

Mr. LJUNGREN. This has generally been our experience. I think Customs has been willing to look at it, to even consider implementation. I think at the moment that the problem is immigration.

Representative DICKS. You say that at the peak periods in the mornings, delays can go from a couple of hours to 4 hours. Now, isn't it true that when the airlines do their schedules, that they usually plan about an hour and a half for an international flight to clear Immigration and Customs, and then connect with another flight?

Mr. HINKE. Yes, Congressman Dicks. There is a 1½ hour minimum connecting time for passengers arriving on international flights at Sea-Tac Airport and connecting to other flights at that city. That is a minimum connecting time. Of course, when you're working with 1 hour and 30 minutes, you have to consider that you've got to give that passenger time to collect his bags for clearance, return his bags to the airline to send them to the other carrier to which he's connecting, and then to get over to that carrier

himself. And that connecting carrier may be in another satellite, or it may be in the main terminal.

Representative DICKS. And these people speak a foreign language and are going to have some difficulty moving through this process; isn't that correct as well?

Mr. HINKE. Yes. Some of them will have difficulties in moving through the process. And one of the things I think we're fortunate to have at Sea-Tac is that both the carriers and the port authority, I believe, have done an excellent job in providing interpreters to assist the people who do not speak English, through the facility and through the immigration and customs clearance process.

Representative DICKS. But clearly, a lot of people—if we have this delay in the morning that you clearly laid out during the peak period, are going to miss other flights and then they're going to have to be rescheduled. It gives Seattle-Tacoma a bad reputation, one to be avoided. Isn't that the problem from an airline's perspective?

Mr. HINKE. Yes, I would say that that's a true representation. The passengers have to be able to make the connections that they've planned. And if a substantial number of passengers are missing those connections, and consistently missing those connections through the Seattle gateway, it does not help the gateway's reputation.

Representative DICKS. So all of the money that we're trying to spend in the State and in this region, the Seattle Tourist Bureau and everything else, is for naught when we're trying to attract international tourists to come to this area. So it does have a direct economic impact on the economy and all the people who build hotels in this area, trying to get international passengers to come here; isn't that correct, as well?

Mr. HINKE. I would say that that is correct.

Representative DICKS. So there is a real economic impact? This is the point I'm making. We sit here and argue about this issue of, say, 1,000 additional inspectors; I figure that would take about $3 million—$3 million to have the additional personnel nationwide to deal with this problem. And it just seems to me, when you talk about the economic impact that tourism has today, it would be a very modest investment to make our airports more efficient. The airlines take a lot of brunt of the criticism; it isn't all aimed at the customs and immigration people. I know who gets yelled at, and it's Northwest or United.

I appreciate your statement and, from the ATA's perspective, I really hope you'll help us in this fight in the Congress to get the resources and try to insist that once the resources are appropriated, as the chairman's done, that the administration spends the money. I know the airlines have some slight influence with this administration, and maybe you can be an ally and help us in this effort.

Mr. HINKE. We have, and we will continue to do so.

Representative DICKS. Thank you very much.

Senator GORTON. Mike.

Representative LOWRY. Thank you, Senator.

Does Vancouver or some other port of entry not have a comparable time loss problem? A waiting problem?

Mr. HINKE. That's a very difficult question to answer. I'm really not aware of the time loss problems that Vancouver may be having. There are international flights that do go through Vancouver. The Canadians, of course, have a different customs procedure than we have at Seattle-Tacoma International Airport. It is more or less a "one-stop" procedure that the Canadians, I believe, are using at that airport. Here, of course, we have a two-stop system where at least the foreign nationals have to go through an Immigration process and complete a primary Immigration clearance and then, from there, they go to another customs primary inspection. That's why we've recommended a one-stop system at this airport.

Representative LOWRY. Was there a television piece, documentary or something, in another country, an Asian country, the centerpiece of it being "don't come through Seattle because you'll have so many problems coming through"? Was that a myth, or did that happen?

Mr. LJUNGREN. No, we've actually experienced that.

Representative LOWRY. You do know, Vern that——

Mr. LJUNGREN. Actually, from my conversation with the airlines, the air carriers who service Seattle and others that we've talked to about providing service to Seattle, I don't think our problem is so much a diversion to Vancouver as it is diversion to other U.S. ports of entry. This seems to be the problem. We've had a reputation recently for being a bad port of entry; that's somewhat turned around, but we could easily get back to that. You will find that they will probably go to Chicago or New York via Anchorage, or they will come into the west coast via Honolulu, or they will come directly into San Francisco or Los Angeles depending on where, at the moment—which has the better reputation as far as the travel industry is concerned. And there definitely is a reputation throughout the travel industry that develops. When you've got a poor situation in your international arrival area, it's known very rapidly. People tend to go back and complain to travel agents and others about the situation.

Representative LOWRY. I assume the policy is the same across the United States. Why would Seattle-Tacoma be an arrival area that would necessarily be a bigger problem for people coming in than Los Angeles?

Mr. LJUNGREN. We'd like to know the answer to that. We've asked the same questions.

Representative LOWRY. Do you have any ideas on that, Mr. Hinke?

Mr. HINKE. Well, I think Mr. Ljungren probably is more privy to the information or the feedback on Seattle-Tacoma International Airport and the way customers are perceiving it. But I think it's only fair to stress that many of the things we're talking about here do exist at other airports across the country, that Seattle really isn't unusual in that respect. Honolulu has problems with clearances; some of the other gateways do, too. Now, it may be that the clearance times will fluctuate from one flight to another at various gateways depending on when the flight arrives or where that flight is coming from. For example, a flight coming from Europe may not be as sensitive, from a drug enforcement standpoint or from an illegal alien standpoint, as a flight coming from some other area. So

that's another factor that comes into play here. Many of the flights that we have going into Seattle and many west coast cities are coming from the Orient, and some of the inspections are fairly intense by the Federal inspection agencies.

Representative LOWRY. Thank you.

Representative DICKS. I'd like to ask one more question of Mr. Ljungren.

Isn't it true that one of the ways to deal with this problem is to get some additional part-time customs personnel?

Mr. LJUNGREN. Yes. We've asked for that for a number of years; in fact, we did have part-time inspectors. We have a very high peak in international arrivals in the summertime, in July, August, and September, and it appears to us that a logical way of dealing with that would be to authorize additional part-time people during those peak months.

Representative DICKS. Well, let me ask you this. Last year, did you get part-time people

Mr. LJUNGREN. I think we got some last year, but it was too late in the season to be of much benefit.

Representative DICKS. And prior to last year, we got those people earlier in the spring so they were ready to go during the peak period; isn't that correct?

Mr. LJUNGREN. That's correct.

Representative DICKS. Last year we asked for the part-time people to be made available earlier on. We were told that they would be made available—that was something that Customs could do for us. But, we didn't get them until July, which is too late to really do the job. And you're again stating that, with the increased traffic, part-time employees would help us deal with this problem——

Mr. LJUNGREN. That's correct.

Representative DICKS [continuing]. But not the total solution, just part of the solution. But isn't the real problem that we have fewer inspectors and some of them have to be down in the port area and then they're driven, I guess, out to the airport at certain periods. If you have fewer people, it makes it more difficult to do the job. And again, isn't it a fact that our air traffic has increased by 107 percent of international passengers in the last 5 years?

Mr. LJUNGREN. Yes, international air traffic has been by far our greatest increase; it more than doubled in the past 5 years—107 percent—and from everything that we're seeing and the interest that's being shown, we expect that to continue. All indications are that it's going to continue.

Mr. HINKE. Congressman Dicks, let me reemphasize the views expressed on the part-time staffing. One of the interesting things about Sea-Tac Airport is that facility is a very good facility. It's able to accommodate the flights that are going through the facility now, but there are immigration booths that are not staffed, and there are customs positions that are not staffed. And part-time staffing would seem to be a very good way of dealing with the arrival peak.

Representative DICKS. But you have to have the people early enough in the season to make a difference?

Mr. LJUNGREN. You bet your life.

Representative DICKS. Thank you, Mr. Chairman.

Senator GORTON. Thank you both very much.

We will now hear from a panel of brokers: Mr. Blakely, Mr. Kennard, Mr. Gwinn, Mr. Abbott, and Mr. Buckingham. If you all would come forward.

We will have formal presentations from Mr. Blakely and Mr. Kennard.

STATEMENT OF GERALD P. MURPHY, PRESIDENT, CUSTOMHOUSE BROKERS AND INTERNATIONAL FREIGHT FORWARDERS ASSOCIATION OF WASHINGTON, ACCOMPANIED BY MICK BLAKELY, VICE PRESIDENT, WASHINGTON STATE CUSTOMS BROKERS ASSOCIATION; BILL GWINN, GEORGE S. BUSH AND CO., INC.; JAMES ABBOTT, GLADISH AND ASSOCIATES; AND BOB BUCKINGHAM, GEORGE S. BUSH AND CO., INC.

Mr. MURPHY. First of all, Senator, I'd like to make a slight revision. I am not Mr. Kennard; I am Gerald Murphy. And if you will, I will introduce the rest of our panel here.

I have Mr. Bill Gwinn from George S. Bush and Co., here in Seattle; I have Mr. Mick Blakely from Liebert Co. at the border at Blaine; I have Mr. Robert Buckingham from TMX, Bush Export here in Seattle; and I have Mr. Jim Abbott from Gladish and Associates, air freight operation at Sea-Tac Airport.

Senator GORTON. Please go ahead.

Mr. MURPHY. Thank you, Senator.

First of all, on behalf of the Washington State Customs Brokers and Freight Forwarders Association, I'd like to express our gratitude for the opportunity today to come and offer you our views. Our member firms—this is of particular interest to us, as Washingtonians—our member firms in Washington State employ over 1,000 people who daily work in the field of international trade, both import and export. Over the last few years we have witnessed a steady erosion of the level of service provided by Customs here within district 30, which is Seattle, as a direct result of inadequate operational staffing. We fully realize that the Seattle district is not alone in this problem, but locally at this point the Seattle staff is processing around 25 percent more Customs entries and doing it with approximately 30 percent less people. That's a very dangerous way to run a business.

Due to these staff cuts and budget freezes over the past few years we on the west coast, and particularly here in the Northwest, have come out on the short end of the Federal stick. In the last Federal fiscal budget Senator D'Amato and Representative Biaggi somehow, through a legislative maneuver, found 100 additional Customs inspectors for the Port of New York. Possibly you collectively, as our Washington delegation, can come up with a similar or like idea.

As you know, international trade generates about 20,000 direct daily jobs here in Washington State, and in order for those jobs to be protected we really do need your help in regards to the problems with the Customs operating personnel and with these budget cuts.

Since Customs is one of the very, very few revenue-producing agencies within the Federal Government—and historically, in fact, it was the main source of Federal revenue all the way from the founding of the country until World War I and the institution of the Federal income tax; a lot of people forget that, that they ran this country for about 150 years or whatever on customs revenue. The good old days—I think that was prior to deficits.

From a businessman's perspective and point of view, it doesn't make a lot of sense to gut out your revenue-producing agencies when you've got budgetary problems. It's like a company that cuts the sales department when sales are down. Instead of cutting it, you should beef it up; that's where it's going to come from. You should do the same with Customs because you are, in fact—even within Customs, you are maintaining and increasing your overhead.

You know, we fully realize that the Bureau in Washington is very busy and they have some good ideas as far as automating and cutting down their manpower staffs and requirements, but it's ridiculous to have an untrained customs inspector at that level—most of them are 14's, I believe, or 12's, very high GS levels—functioning as keypunch operators rather than having them out inspecting cargo. The net result is that the computer gets punched, but the cargo sits on the dock. Further, it's very difficult to understand the logic of having inside commodity and Customs commodity specialists out making visits to customs brokers' offices and importers' offices rather than just issue a simple request for information, where they either deliver the sample or the information to heir office. Much more time efficient.

You know, the current trend in Customs today appears to be more toward enforcement and less toward the collection of duties and taxes, the statutory responsibilities that Representative Bonker alluded to earlier. These inspectors and specialists, they're really needed to keep the cargo flowing and moving, but instead they're being shuttled into enforcement capacities and spending a lot of hours on matters and time investigating matters that a lot of times turn out to be minor clerical errors made on behalf of importers or their customs brokers. The enforcement policy at the expense of operation has taken many of the line inspectors off the piers and away from the airports. Many of our members have witnessed a diversion of cargo from—Representative Roybal just got back to hear this—many of our members have witnessed the diversion of cargo from Puget Sound and Columbia River ports to California ports due to delays in clearing Customs here in the Northwest, and that's the direct result of the shortage of line staff.

The present workload at Customs here is extremely heavy and we, as an industry, are experiencing lengthy delays in getting simple matters of communication answered. In our opinion, these delays again are the result of improper use of personnel and of inadequate training. Nevertheless, you can, in fact, be proud of the job being done, particularly here in Seattle, by the district director, Mr. Hardy, and his staff. Really, for the load they've got, they're doing a very, very good job.

Of course, we realize that as Members of Congress you cannot require the Customs Service to spend money on specific purposes——

Representative DICKS. We're going to try. [Laughter.]

Mr. MURPHY. Thank you.

But it is our feeling that your action along with, say, a GAO audit into the inequities of this customs staffing might go a long way in helping alleviate some of these problems and in helping the importing and exporting public, and it could serve to keep Washington State's share of international trade growing and prospering.

We would again ask that you and your colleagues in both the House and the Senate take a very, very close look at this entire matter of customs staff utilization. While we are very confident you will find other ports and districts along the east coast—I might mention particularly the ports of New York, Houston, and New Orleans and other ports along the gulf coast—are grossly overstaffed by comparison to the Northwest. We feel that a simple, equitable realignment of staff on either a national or regional basis could go a long way in solving our problems here in Washington State.

Again, we are most grateful for this chance to offer our opinions, and we are very much looking forward to your help. Thank you very much, Senator.

Senator GORTON. Thank you.

[The prepared statement of Mr. Murphy follows:]

CUSTOMHOUSE BROKERS & INTERNATIONAL FREIGHT FORWARDERS OF WASHINGTON STATE

STATEMENT FOR U.S. CONGRESSIONAL HEARING, SEATTLE, WA FEB. 15, 1985
PRESENTED BY GERALD P. MURPHY, TREASURER

SENATOR EVANS, SENATOR GORTON, REPRESENTATIVE BONKER, REPRESENTATIVE DICKS, REPRESENTATIVE LOWRY, LADIES & GENTLEMEN:

WE REPRESENT THE CUSTOMSHOUSE BROKERS & FOREIGN FREIGHT FORWARDERS ASSOCIATION OF WASHINGTON STATE AND ARE PLEASED TO BE ASKED TO TESTIFY BEFORE THIS HONORABLE BODY. WE REPRESENT THE MEMBER FIRMS IN THE STATE OF WASHINGTON WITHIN DISTRICT 30 (U.S. CUSTOMS) WHICH IS FROM THE NORTHERN BORDER OF WASHINGTON STATE TO JUST NORTH OF VANCOUVER, WASHINGTON, AND FROM NEAH BAY TO THE WASHINGTON BORDER WITH IDAHO. OUR 38 MEMBER FIRMS CONSTITUTE SOME 1000 PLUS EMPLOYEES WORKING DAILY WITH INTERNATIONAL TRADE BOTH IMPORT AND EXPORT.

OVER THE PAST FEW YEARS WE HAVE SEEN A DETERIORIZATION OF SERVICE LEVELS WITHIN THE CUSTOMS SERVICE DUE TO INADEQUATE STAFFING. WE ARE ALSO AWARE THAT SEATTLE DISTRICT IS NOT ALONE IN THIS PROBLEM. OUR ESTIMATES INDICATE THAT THE LOCAL CUSTOMS STAFF ARE DOING APPROXIMATELY ONE FOURTH MORE ENTRIES WITH A DECREASE IN STAFF OF ONE THIRD (1983-1984). FURTHER BETWEEN 1981 AND 1984 LOCAL CUSTOMS HAVE EXPERIENCED A TWO THIRDS INCREASE IN ENTRY FILING WITH A DECREASE IN STAFF OF ALMOST TWO FIFTHS.

DUE TO CUTS OR FREEZING OVER THE PAST FEW YEARS WE ON THE WEST COAST HAVE COME OUT ON THE SHORT END. AS INTERNATIONAL TRADE ACCOUNTS FOR AN ESTIMATED 20,000 JOBS IN THE STATE AND AS WE FEEL

THAT THE FUTURE GROWTH OF OUR PORTS WILL BRING A STABLE ECONOMIC BASE FOR THE STATE AND IT'S CITIZENS WE ASK YOUR ASSISTANCE IN SOLVING THE PROBLEMS CAUSED BY THE CURRENT ADMINISTRATIONS POLICIES. AS THE CUSTOMS SERVICE IS ONE OF THE THREE REVENUE PRODUCING DEPARTMENTS WITHIN THE FEDERAL GOVERNMENT WE SEE NO REASON TO REDUCE THE BUDGET AND THUS THE STAFFING. WHILE WE RECOGNIZE THE EFFORTS BEING MADE BY THE BUREAU OF CUSTOMS TO AUTOMATE AND THUS REDUCE THE NEED FOR MANPOWER WE FIND IT RIDICULOUS WHEN THE CUSTOMS SERVICE HAVE UNTRAINED INSPECTORS KEY PUNCHING INTO THE COMPUTERS RATHER THAN INSPECTING CARGO. FURTHER, IT IS DIFFICULT TO UNDERSTAND THE LOGIC IN HAVING A COMMODITY SPECIALIST MAKE VISITS TO BROKER AND IMPORTER OFFICES RATHER THAN ISSUE A REQUEST FOR INFORMATION (CF 28). THE CURRENT TREND IN CUSTOMS IS MORE FOR THE ENFORCEMENT RATHER THAN THE COLLECTION OF DUTIES. MANY INSPECTORS AND COMMODITY SPECIALISTS (NECESSARY TO KEEP THE FLOW OF CARGO MOVING)ARE BEING SHUTTLED INTO ENFORCEMENT CAPACITIES SPENDING MANY HOURS INVESTIGATING WHAT OFTEN IS SHOWN TO BE CLERICAL ERRORS BY THE IMPORTERS AND THEIR BROKERS. FURTHER OPERATION EXODUS HAS DELAYED MANY EXPORT SHIPMENTS AND CAUSED UNDUE FINANCIAL HARDSHIP ON ALREADY HARD PRESSED U.S. EXPORTERS. THIS TREND TOWARD ENFORCEMENT HAS TAKEN MANY OF THE LINE INSPECTION STAFF OFF THE PIERS AND AIRPORTS. MANY OF OUR MEMBERS HAVE EXPERIENCED LOSS OF CLIENTS OVER WASHINGTON PORTS DUE TO DELAYS IN THE CUSTOMS PROCESSING CAUSED BY SHORTAGE OF STAFF POSITIONS. SEATTLE CUSTOMS HAVE OPERATED WITHOUT A FULL TIME ADMINSTRATIVE PERSON OR MESSENGER WHICH CAUSED MANY DELAYS. THE WORKLOAD AT PRESENT IS VERY HEAVY AND WE ARE EXPERIENCING DELAYS IN GETTING EVEN THE SIMPLEST COMMUNICATIONS ANSWERED. THESE DELAYS

ARE IN OUR OPINION CAUSED BY INADEQUATE STAFFING, INADEQUATE TRAINING (IN THE CASE OF INSPECTORS BEING USED AS KEYPUNCHERS), AND A LACK OF COORDINATION WITH THE LOCAL IMPORTING AND EXPORTING COMMUNITY TO INSURE A SMOOTH TRANSITION WHEN CHANGES ARE REQUIRED BY THE BUREAU OF CUSTOMS. WE ARE PROUD OF THE JOB BEING DONE UNDER THE CIRCUMSTANCES BY THE LOCAL CUSTOMS STAFF, BUT FEEL THAT THEY CANNOT HELP THE DELAYS IF THEY MUST WORK UNDER THE CURRENT CONDITIONS. WHILE WE REALIZE THAT YOU CANNOT REQUIRE THE BUREAU OF CUSTOMS TO USE FUNDS FOR A SPECIFIC PURPOSE WE FEEL THAT YOUR ACTIONS ALONG WITH THE GAO INVESTIGATION OF THE INEQUITIES IN THE STAFFING OF THE CUSTOMS WILL HELP THE IMPORTING AND EXPORTING PUBLIC GREATLY AND SERVE TO KEEP THE PORTS OF WASHINGTON STRONG AND GROWING.

IN CONCLUSION, HONORABLE SIRS, WE ASK THAT YOU ASK YOUR COLLEAGUES IN THE SENATE AND HOUSE TAKE A CLOSE LOOK AT THE POSITION CUSTOMS ARE IN AT PRESENT RELATIVE TO STAFFING. IT IS OUR OPINION THAT YOU WILL FIND OTHER PORTS AND DISTRICTS NAMELY EAST COAST (NEW YORK) AND GULF COAST (NEW ORLEANS AND HOUSTON) ARE OVER STAFFED IN COMPARISON. WE SHOULD ALSO ADVISE THAT WE HAVE IT ON GOOD ADVISE THAT SOME PORTS AND DISTRICTS HAVE INGENIOUS METHODS TO HIDE THEIR STAFFING BY PLACING SOME STAFF UNDER DIFFERENT TITLES OR JOB DESCRIPTIONS WHICH DO NOT SHOW UP ON REPORTS.

IT IS OUR OPINION THAT A SIMPLE EQUITABLE RE-ALIGNMENT OF STAFFING THROUGH OUT THE U.S. WOULD HELP IN SOLVING OUR PROBLEMS. AGAIN, WE THANK YOU FOR INVITING US TO APPEAR AND TRUST THAT YOU WILL BE ABLE TO HELP US.

45-396 O—85——5

Senator GORTON. Mr. Blakely.

Mr. BLAKELY. I want to take this opportunity to thank you again, as my colleague Gerry has.

As a representative of the Customs Brokers and International Freight Forwarders Association of Washington State on the Border Committee, I particularly appreciate the opportunity to comment on our situation at the northern border, since the procedures for Customs clearance are very different, while similar to those at a seaport—they're the same but they're different, I guess.

I have been asked to comment in four areas which are as follows: the adequacy of customs staffing for cargo and personnel processing; the administration, organization, and status of the Seattle office; problems unique to the northern border, and Operation Exodus.

In regards to the Customs staffing, there are two areas that we experience up in Blaine, primarily the import specialist personnel and the customs inspectors. Import specialists, we estimate for fiscal year 1984, processed in excess of 180,000 entries in the Blaine area. Presently there are eight people performing the function of import specialist. There are 11 positions; however, three of those positions are occupied with special projects such as Exodus, commercial fraud investigation, and the proposed implementation of the ACCEPT Program at Blaine, WA.

Import specialist teams conducted approximately 2,000 examinations to review merchandise such as clothing or textiles, drawback entries, and merchandise that customs inspectors may have had questions on. The teams also conducted approximately 1,400 meetings with exporters, importers, and brokers in order to determine proper classification and appraisement of merchandise offered for import or export. Customs are now doing more with less, considering that in fiscal year 1979, 6 years ago, 14 people were doing what eight people are doing now and they were only processing 60,000 to 70,000 as compared to 180,000 entries for fiscal year 1984.

The import specialists provide a needed service to the import/export community and the U.S. Government as a direct communication link.

On the inspection personnel, to date the inspection force has been reduced from an average of 33.5 working inspectors in fiscal year 1974, 10 years ago, down to 27 working inspectors in fiscal year 1984, which is a 19-percent reduction. Auto traffic has increased 84 percent in that 10-year period from about 1.5 million to about 2.75 million. Loaded commercial trucks—that's not including the empty trucks—have increased 268 percent for those same fiscal years from just under 40,000 trucks to over 145,000 trucks.

We have presently 28 working inspectors compared to 52 inspectors doing a similar job at Canada customs on the other side. The staffing has deteriorated to the point where very few secondary inspections are performed, and that's when an automobile arrives at the border—if an inspector suspects there's something funny there, he'll call them over and have a secondary inspection. That's not done very often.

As a concerned citizen it makes me feel a little nervous to think of the amounts of contraband and undesirables coming through the border undetected due to a lack of inspection personnel.

This next Tuesday—there's a footnote that I have to add to my testimony—I was advised by the port director that they're going to perform a test; in other words, at the truck crossing at Blaine the trucks are diverted into one area and the automobiles are directed into another area, so there are two inspection areas at the truck customs. They are going to divert everything through one channel and see how that works because of the staffing problems. So they are attempting to deal with what they've got.

The administration and organization—while we agree that it makes sense for Blaine to be part of the northern border region, since we have particular idiosyncrasies with other northern border parts, we also agree that Seattle should remain a part of the Pacific region since they have idiosyncrasies with the seaport.

For years now the norther border brokers have endeavored to explain that there is a distinct difference in procedures required for U.S. Customs entry on the northern borders. It would appear that the shoe is now on the other foot, so to speak, by Seattle's admission that they need to remain a part of a seaport region, that is, the Pacific region. This clearly illustrates the needs of seaports and northern border ports to be part of regions designed for their two different sets of circumstances.

To draw a proper perspective of the Port of Blaine, one must look at the geographic location, which is about 50 miles South of Vancouver, BC. The city of Blaine's population may only be approximately 2,500 people, but the U.S. Customs port services, to a very large degree, the greater Vancouver metropolitan area with a population exceeding 1 million people. With Canada being the United States' largest trading partner and Blaine the third largest border crossing, the impact is significant. Consequently, if Blaine were to be considered to be moved into the Chicago region, it would only seem reasonable that it would be considered for district headquarters. [Laughter.]

This is just a suggestion. It would be the thinnest district in the customs territory in the United States.

Problems unique to the northern border—because of our close proximity to Vancouver, BC, we are servicing the Canadian exporter to a large degree, who includes the U.S. Customs duties and brokerage in their selling prices and act as nonresident importers of record. This is not necessarily a problem, but it certainly creates a different set of circumstances than that of a seaport for U.S. Customs and the importing community to have to deal with. The entry system at the border requires a very quick release system in order to maintain and facilitate an orderly movement of traffic through that border. Customs have proposed to implement the ACCEPT entry system at Blain in order to facilitate a more educated inspection of merchandise offered for importation. After closer examination along the northern border, through meetings with U.S. Customs personnel from headquarters, it appears Customs will implement a border adaptation of the ACCEPT Program called the BBEETS, or something similar to that, which is going on in Buffalo, NY, which is an alpha version of the ACCEPT which is accomplished in-house by Customs.

Just a note there, we have opposed the ACCEPT Program on the northern border because of the amount of up-front information

that it requires the broker to provide customs. But the alpha version of this, in-house with Customs, wouldn't require that by the brokerage community.

We appreciate the opportunity we have had to work with Customs in an effort to accomplish mutual objectives.

The needs for customs entry at the northern border ports are quite different and distinct from those of a seaport. While we recognize Customs' needs to streamline their operation in terms of cost and uniformity, there will, however, continue to be different needs for different situations.

On the Exodus Program, because of our distance from exporters to Canada and most shipments arriving at the border with export papers with the carrier, we are not heavily involved in export traffic and therefore offer no comment except that it has taken some personnel from doing import specialist functions.

Thanks again for asking for our input regarding these things that affect us all, in an effort to accomplish workable solutions to existing situations.

[The prepared statement of Mr. Blakely follows:]

C. F. Liebert, Inc.

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February 13, 1985

Statement of testimony, U.S. Congressional Hearing, Seattle, WA., Feb. 15, 1985

Honorable Senators and Representatives, Ladies and Gentlemen:

I want to take this opportunity to thank our governmental representatives and others concerned for taking the time and effort to solicit imput from the Import/Export Community in order to make decisions which affect us all regarding current and future operating procedures of the U.S. Customs Service.

As a representative of the Customhouse Brokers & International Freight Forwarders Association of Washington State, Border Committee, I particularly appreciate the opportunity to comment on our situation at the Northern Border, since the procedures for Customs clearance are very different, while similar to those at a Sea Port.

I have been asked to comment in four areas which are as follows: (1) Adequacy of Customs Staffing for Cargo and Personnel Processing, (2) The Administration Organization, Status of the Seattle District Office, (3) Problems Unique to the Northern Border, and (4) Operation Exodus.

1) Customs Staffing:

a) Import Specialist Personnel - we estimate that for fiscal year 1984, in excess of 180,000 entries were processed at Blaine for the Port of Blaine and surrounding Customs ports. The actual amount could be confirmed by U.S. Customs. Presently there are eight (8) people performing the function of Import Specialist. There are eleven (11) positions, however, three (3) positions are occupied with special projects such as, Exodus, Commercial Fraud Investigation and the proposed implementation of the ACCEPT Program at Blaine.

continued.....

The Import Specialist Teams conducted approximately 2,000 examinations to review merchandise such as clothing, drawback entries, and merchandise that Customs Inspectors may have had questions on. The teams also conducted approximately 1400 meetings with exporters, importers and brokers in order to determine proper classification and appraisement of merchandise offered for importation or exportation. Customs are now doing more with less considering that in fiscal year 1979, fourteen (14) people were performing the Import Specialist function handling 60,000 to 70,000 entries and in fiscal year 1984 only eight (8) people handled approximately 180,000 entries. The Import Specialist provides a needed service to the importing/exporting community and the U.S. Government as a direct communication link.

b) Inspection Personnel - to date the inspection force has been reduced from an average of 33.5 working inspectors in fiscal year 1974 to 27 working inspectors in fiscal year 1984, which is a 19% reduction. Auto traffic has increased 84% from FY 1974 to FY 1984 from about one and a half million to about two and three quarter million. Loaded commercial trucks, not including empty trucks has increased about 268% for those same fiscal years, from just under 40,000 trucks to just over 145,000 trucks. We have presently 3 working inspectors compared to 52 inspectors doing a similar job at Canada Customs. The staffing has deteriorated to the point where very few secondary inspections are performed. As a concerned citizen, it makes me feel a little nervous to think of the amounts of contraband and undesirables coming through the border undetected, due to a lack of inspection personnel.

2) The Administration Organization - While we agree that it makes sense for Blaine to be part of a Northern Border Region, we also agree that Seattle, should remain part of the Pacific Region. For years now, the Northern Border Brokers have endeavered to explain that there is a distinct difference in procedures required for U.S. Customs entry on the Northern Border. It would appear that the shoe is on the other foot so to speak, by Seattle's admission that they need to remain a part of a Sea Port Region, ie. the Pacific Region. This clearly illustrates the needs of Sea Ports and Northern Border Ports to be part of regions designed for their two different sets of circumstances. To draw a proper perspective of the Port of Blaine, one must look at our geographic location, which is about fifty (50) miles south of Vancouver, B.C. The city of Blaine's population may only be

continued.....

Approximately 2500 people; however, the U.S. Customs Port services, to a very large degree, the greater Vancouver, B.C. metropolitan area, with a population exceeding one million people. With Canada being the United States largest trading partner and Blaine the third largest border crossing, the impact is significant. Consequently, if Blaine were to be moved into the Chicago Region, it would seem reasonable that since Blaine is the largest Northern Border Land Port west of Detroit, that it should be considered for District Headquarters.

3) Problems unique to the Northern Border:

a) Because of our close proximity to Vancouver, B.C., we are servicing the Canadian exporter to a large degree, who includes U.S. Customs duties and brokerage in their selling prices and act as non-resident importers of record. This is not necessarily a problem, but it certainly creates a different set of circumstances, than that of a Sea Port, for U.S. Customs and the importing community to have to deal with.

b) The entry system at the border requires a very quick release system in order to maintain and facilitate an orderly movement of traffic. Customs have proposed to implement the ACCEPT entry system at Blaine in an effort to facilitate a more educated inspection of merchandise offered for importation. After closer examination along the Northern Border through meeting with U.S. Customs personnel from Headquarters, it appears that Customs will implement a Border adaptation of the ACCEPT Program called BBEETS, which is an alpha version of ACCEPT which is accomplished in house by Customs. We appreciate the opportunity we have had to work with Customs in an effort to accomplish mutual objectives.

c) The needs for Customs entry at the Northern Border Ports are quite different and distinct from those of a Sea Port. While we recognize Customs needs to streamline their operation in terms of cost and uniformity, there will, however, continue to be different needs for different situations.

4) Exodus Program: Because of our distance from exporters to Canada and most shipments arriving at the border with export papers with the carrier, we are not heavily involved in export traffic and therefore offer no comment.

Thank you again for asking for our imput regarding these things that affect us all, in an effort to accomplish workable solutions to existing situations.

Respectfully submitted,

Nick W. Blakely
Chairman, Border Committee

Senator GORTON. Thank you, Mr. Blakely.

Congressman Roybal.

Representative ROYBAL. Now, your discussion on whether or not Blaine should be part of the northern border region and Seattle remaining part of the Pacific region is very interesting. Not being from this area I don't quite understand exactly what you mean, but I think I get the drift.

Now, supposing they remained as you suggest. Would that improve the service? Would that, in itself, improve the service?

Mr. BLAKELY. It may improve the service to the extent that we are dealing with people that are dealing with similar circumstances. In other words, a seaport operates different than a northern border port in that quite often documents arrive in advance of the cargo, and so there is time to process entries before the merchandise arrives. At the border, you don't know it's going to get there until a truck driver walks into the office.

Representative ROYBAL. Now, would you elaborate just a little bit more on this recommendation? It seems fascinating to me—Blaine, to me, is just next door. Am I mistaken?

Mr. BLAKELY. It's about 100 miles north of here.

Representative ROYBAL. Well, I travel almost 100 miles back and forth to work——

Representative DICKS. That's just one side of Los Angeles to the other. [Laughter.]

Representative ROYBAL. But you're talking about two different things, aren't you?

Mr. BLAKELY. There are two different, distinct entry requirements.

Representative ROYBAL. And you make that differentiation because of the differences in these two distinct, separate entities?

Mr. BLAKELY. Yes. There is a Northern Border Brokers Association which we're a member of, and most of the brokers belong to that—Mr. DeAngelus knows us because we go back to Washington every fall to meet with him to try to streamline some of—what we try to do is take the Customs regulations and adapt them to how they need to be applied at a northern border port because our customer is the shipper, not the consignee. So it's a totally different set of rules that we have to go by.

Representative ROYBAL. Do the other members of the panel agree with that?

Mr. GWINN. I think, Congressman, that that's quite true. If you take across the northern border, Detroit, Chicago, and those other ports—although Chicago and Detroit are not similar seaports, they still operate largely with truck and rail traffic in large degree. And that's what Blaine is operating under, is a truck and rail operation; whereas a seaport might see truck and rail, but 90 percent of our cargo is going to be by ship.

Senator GORTON. Norm.

Representative DICKS. What effect does it have on you, when you have this frustration of not having enough people here in terms of the business judgments you have to make about where to move cargo?

Mr. BLAKELY. Well, I think that as a direct result of that, that's why there are so many bald customshouse brokers, from pulling their hair out in frustration.

Bob, do you have any comments to add to that?

Mr. BUCKINGHAM. Well, the basic problem is moving the freight. With the shortage of inspection personnel, our freight is not clearing on a timely basis and as a result it is harming the shipping public.

Representative DICKS. So it means it is a lot more expensive, right?

Mr. BUCKINGHAM. Exactly. Speaking for a company which has offices in both Los Angeles and Seattle, we experience delays in both ports, which means that the importers that we deal with are likely to, if it continues to be delayed, they'll move their cargo through a gulf coast or east coast port, which is exactly what the steamship operators have alluded to, that they'll move cargo off this coast. Therefore the economic impact would be tremendous.

Representative DICKS. Well, somebody said it could be up to as much as $274 if you put the interest on——

Mr. MURPHY. $1 million in containers for 1 day.

Representative DICKS. Yes, $274 a day. So, you know, if we're looking at the economic impact of not having those inspectors in terms of the efficiency of those west coast ports, it's got to be an enormous cost to the private sector and ultimately to the consumers of the country; isn't that correct? And we're talking about not very many people that are necessary to do the job. So it's almost absurd that you wouldn't have adequate people when you're talking about the value of cargo that we're talking about.

Mr. BUCKINGHAM. It goes beyond just that particular dollar value, Representative Dicks. You have cases—for instance, the gentleman from Long Beach mentioned 7 to 10 days, 14 days to move the freight out of his port. Why, many shipments would miss their market if they're that late. And the fellow would not only have all this extra expense and interest and what have you, but he might have to store that stuff until the next market, which might be next fall or next spring or something like that.

Representative DICKS. What do you do if it's a perishable commodity? Fruit and vegetables, things like that? Do they get treated differently?

Mr. GWINN. Only in that it costs a lot more if the cargo is perishable—reefer cargo, for example, or frozen cargo staying in the container on the wharf is about four or five times more expensive by demurrage charges because it begins 48 hours after the ship docks and the cargo comes off. So it gets more expensive for that cargo.

Representative DICKS. So you all are people in the private sector, businessmen trying to make a living, and you've invested a lot in this business. And we're sitting here with a situation where, with just literally a handful of additional people, we could really do a great job here in this port. Is that the collective opinion of the private sector?

Mr. MURPHY. You hit the nail on the head. Exactly. It is very pronounced here in the Northwest, but it is in fact very much a west coast problem. I'm ecstatic that Representative Roybal is here today because we, as west coast, as a west coast feeder—it's not

Europe any more, it's the Far East—and that flows over the west coast. But we are sadly lagging behind when it comes to the line personnel that Customs needs to carry out the function.

Representative DICKS. Well, you also said something else, that the areas in the gulf coast——

Mr. MURPHY. Houston and New Orleans.

Representative DICKS. They have more people than they need.

Mr. MURPHY. Exactly. Just look at the number of entries and the number of tonnage and divide it by the number of inspectors. It's simple.

Representative DICKS. I mean, have you attempted to explain this to the Customs people?

Mr. MURPHY. That's why we're here today.

Representative DICKS. Well, we're going to try to explain it to them.

Mr. GWINN. We've asked that question.

Representative ROYBAL. Thank you, Mr. Chairman.

Senator GORTON. Don.

Representative BONKER. I would like to ask just one question.

I did sit in on hearings before the Ways and Means Committee, and there is a heavy concentration of activity in the South, New Orleans and Florida, because of drugs and all sorts of things that are coming in. Does that have a bearing on the number of personnel compared to cargo and volume and other ways you measure?

Mr. MURPHY. Well, I'm sure it does. I alluded to that point when you were briefly out of the room, that there seems to be a fundamental shift in Customs from its statutory ideas of collecting duties and taxes to taking more of a position on enforcement. Obviously that's an important matter and it's an area that we have to, as a Nation, address, but at what expense? We've got to also remember that we still must carry on international trade and commerce. That's what generates lives, that's what generates salaries, that's what generates the almighty tax dollars.

Representative BONKER. Well, it seems to me that the proper approach is for Mr. Von Raab to go before the various committees, including Chairman Roybal, and ask for additional personnel to deal with drugs and other related activities that involve enforcement, rather than coming before us and asking for a substantial reduction, and taking on other responsibilities that are not authorized or at least recognized by law. And if you know Mr. Von Raab, you know that you're not going to win on this argument because his mission is enforcement. He wants to make the Customs Service a far more exciting agency rather than just dealing with the collection of fees and so on and so forth.

Mr. BUCKINGHAM. He's been preaching that since he went into office.

Representative BONKER. I know. I've heard it. [Laughter.]

Senator GORTON. Thank you all very, very much. I appreciate it.

And now, after they've waiting patiently through the afternoon, we will hear from the Customs Service itself—Mr. DeAngelus, Mr. Villaneuva, and Mr. Hardy.

You may proceed in whichever order you think best.

Representative DICKS. Do you have a copy of your statements? Are there copies of the statement available?

Mr. DEANGELUS. No, I don't, Congressman. I'm only working from notes.

STATEMENT OF ALFRED DeANGELUS, DEPUTY COMMISSIONER, U.S. CUSTOMS SERVICE

Mr. DEANGELUS. I will try to be as brief as possible, Mr. Chairman. Thank you for being here and the members of the panel, for this opportunity to come before you.

I am Alfred DeAngelus, Deputy Commissioner of the Customs Service and I'm here appearing for Commissioner Von Raab, who had a previous commitment.

I'm aware that your primary concerns deal with perceived staffing problems at Seattle and the relative staffing at west coast locations versus other ports. I hope that today I can address your concerns.

I believe I should stress very strongly, however, that we cannot address those concerns in a vacuum, that we cannot look at just the Ports of Los Angeles and Seattle in isolation.

Customs has to review these concerns and problems from the overall perspective of the Nation, the priorities of this administration for reducing the budget and streamlining the Government, and the overall need to implement management efficiencies and to manage the Customs Service from the perspective of austerity and productivity improvement. Consequently, I believe I should briefly outline to you Customs' overall approach for carrying out its mission, both enforcement and revenue protection. In summary, these are that in all the areas of customs activities, including processing people at airports and cargo through large seaports, we are using a selectivity approach, much different from when I began in Customs over 25 years ago. We want to identify the high-potential violator, the high-value shipment, the high-potential fraud area and focus our resources on those high-risk areas while permitting low-risk passengers and cargo to flow rapidly through customs.

To implement these selectivity approaches we have used the ACCEPT system, mentioned earlier, which permits us to move 80 percent of all cargo through customs without intensive examination and normally permits this cargo to move within 2 to 4 hours of our receipt of the entry papers. I know you've heard from others that claim it takes substantially longer than that.

In many airports, we've implemented a red/green system which greatly facilitates the movement of passengers and has speeded up processing at most international airports. We have implemented the first part of a large automated commercial system which will provide the basis for cargo and entry processing through the 1980's and early 1990's. We have also implemented a number of special enforcement initiatives to ensure that we continue to detect fraud and seize narcotics. This includes integrated fraud teams, customs enforcement teams, improved use of enforcement-related automation, and use of rovers at airports and at land border primary inspection points.

Representative BONKER. The use of what?

Mr. DEANGELUS. Rovers. It's an inspection concept where the inspector roves through among the passengers, among the cars, and

singles out those people who can be expedited through processing who are determined to be low risk, or singles out those who appear to be high risk and sends them to a secondary location. It allows—by moving the inspector rather than the person, it allows us to make the judgments much more quickly.

I have summarized these initiatives not to simply blow Customs' horn. Rather, I am trying to stress that we were able to meet the workload, we believe, and enforcement challenges through improved productivity and better management. For several years we've been operating under general government fiscal restraint situations. We have responded by reducing, wherever we can, administrative overhead rather than line positions. We have used technology, selectivity, and every creative approach we could think of to do the job without increasing resources.

I don't see how we can reduce the size of the Federal budget if Federal agencies respond to new challenges by requesting additional people and dollars. We need to respond as Customs has, with creativity, innovation, and dedication by all our employees.

I believe in this approach, not only as Deputy Commissioner of Customs, but as a public servant and as a taxpayer, concerned as much with how we spend our taxpayer dollars as how I spend my own, and in my prepared notes, one of my staff has cautioned me that we hope that the Federal Government's dollar is spent better than my own is spent. And I would have to agree to that. [Laughter.]

I believe we have, and will continue, to meet the workload and enforcement challenges in Los Angeles, Seattle, and all the west coast ports through these creative initiatives. We have moved more people, more cargo, collected more dollars and seized more narcotics than ever before. I believe our performance in these areas will get even better as we fully implement planned improvements.

Thank you, Mr. Chairman, for this opportunity to be here. We are available for any questions you may have.

I have with me today the Regional Commissioner from the Pacific region, Quinton Villanueva and District Director Robert Hardy, probably known to most of you.

Senator GORTON. We will hear next from Mr. Villanueva.

STATEMENT OF QUINTON L. VILLANUEVA, REGIONAL COMMISSIONER, U.S. CUSTOMS SERVICE, LOS ANGELES

Mr. VILLANUEVA. Mr. Chairman, I don't have any prepared remarks but I would like to address an issue raised by Congressman Roybal with respect to allocation of resources, which seemed to be really where we're at, with all the discussion and testimony that we're hearing from competing interests—from brokers, from the airline industry, and from the shipping industry.

What we've done in the Pacific region is design an allocation model, for the Pacific region at least, so that we could take the resources we have with respect to port specialists and inspectors and put the people where the work is, so that everybody got a fair share of what resources we have, of our limited resources. So to that extent, Mr. Roybal, we're doing that here in the Pacific region.

There was allusion made to a 39-percent decrease in inspectors in Seattle. I'd like to include that 22 of those positions were moved from the Pacific region, from Seattle, to a Chicago region when preclearance was taken away from the Pacific region and moved to the Chicago region. And so, although we lost the people, we lost that workload for the preclearance from Vancouver, Canada.

With respect to the 2 to 4 hours waiting time, that's unacceptable. I think everyone agrees that 2 to 4 hours waiting time in an airport is totally unacceptable. I think we should be a little more specific with respect to where that waiting time is spent. Is it spent in immigration or at customs, or waiting for the baggage to get to the carrousel before immigration or customs can start doing the processing? And those are the kinds of specifics that I think we're missing. When we arrived today we waited 1 hour and 5 minutes for a piece of luggage from a domestic flight, from the plane to the carrousel, for Mr. DeAngelus. So that's a real problem, in terms of time for people.

What Mr. Hardy is doing with respect to red/green, rovers, expediting, has made a tremendous impact at Seattle in reducing the waiting time and the processing time for passengers.

Those are the comments I wanted to make with regard to the testimony that was given before we got up here on the panel. And Mr. Hardy, if you've got anything to add to that.

[Material follows:]

DEPARTMENT OF THE TREASURY
U.S. CUSTOMS SERVICE
PACIFIC REGION

PER-1-A

The Honorable Norman D. Dicks
House of Representatives
Washington, D.C. 20515

Dear Mr. Dicks:

This is in reply to your letter of January 11, 1985 requesting information about the resources available to the Pacific Region. For your ease in reviewing the data, our responses are numbered to coincide with your questions as posed. Further, there are attachments which provide additional details.

1. Attachments 1, 2, 3, and 4 show expenditure and budgetary information for the Pacific Region and by district and type of expenditure. Attachment 1 shows expenditures of the Pacific Region for fiscal years 1980 through 1984 and budget data for fiscal year 1985. Attachments 2, 3, and 4 provide detailed expenditure and budget data by district for fiscal years 1983-1985 only. As you may recall, the San Francisco Region (which included Seattle District) and the Los Angeles Region were consolidated on October 1, 1982 (fiscal year 1983) into the Pacific Region. While we were able to reconstruct expenditures for the combined regions back to fiscal year 1980, we were unable to develop expenditure information for the former San Francisco Region districts.

   You had also requested that the expenditure data be detailed by expenditures such as for administrative staff and full-time inspectional staff. Our accounting system does not accumulate costs by these categories. However, for your information, you will note that on Attachments 2, 3, and 4, we have provided the percentage of the total staffing represented by inspectors.

2. Attachments 5, 6, 7, and 8 show the staffing levels at the end of fiscal years 1982, 1983, 1984, and to date in 1985 only. As mentioned above, due to the consolidation of regions, we were unable to reconstruct data for fiscal years before regional consolidation.

   You will note a decrease of 19 inspectors in Seattle between fiscal years 1982 and 1983. That reduction is accounted for by the transfer of our Vancouver B.C. Pre-Clearance operation and staffing from the Seattle District to the Chicago Region. You will also note increases

in the inspector staffing in the San Diego and Los Angeles Districts during the period fiscal year 1982 through January 28, 1985. These increases are principally attributable to additional staffing authorized for openings of new facilities: Otay Mesa in the San Diego District and the new arrival facility at the Los Angeles International Airport.

Attachment 9 contains staffing data for our two categories of special enforcement teams: Contraband Enforcement and EXODUS. These teams have been recognized as an official organizational entity for about two years. The March 1983 data is the earliest date that our files show a specific staffing of the teams by district. The October 1984 data are still current.

3. Our Regional Inspection and Control office recently conducted an inspectional resources allocation study and has developed an allocation model which is now being refined. We expect to finalize the model within the next three to six months. When applied it may reveal the need to reallocate some inspectional resources.

The entries for EXPO 86 in Vancouver, B.C. will primarily consist of in-transit goods. We do not expect that this will place any appreciable strain on our resources as these will involve movements of goods in-bond. The 1984 Olympics generated an increased entry load in Los Angeles for goods entered for consumption, as well as those entering under Temporary Importation Bonds; however, this did not strain our resources, despite the fact that 90 percent of those items were entered via Los Angeles.

When Sealand shifts its resources to their new facility at Tacoma, a commensurate shift in resources will have to be made within the Seattle District.

4. Attachment 10 shows expenditures and budgetary data for temporary inspectors by district for fiscal years 1980 through 1985. (We were able to develop expenditure data on temporaries for the former San Francisco Region districts.) The attachment displays the total expenditures for temporary inspectors for the fiscal year followed by the amount expended during the summer months.

You asked for information on the number of part-time and intermittent inspectors hired. We do not capture that data and it would be of limited benefit for purposes of comparisons. Temporary inspectors have different assigned schedules, i.e., some work part-time schedules, some on an as needed basis, and some full time. Further, we generally hire to establish pools of inspectors. Individuals in the pool are called out and used on an as needed and as available basis. Their usage is limited by the budget and not by the number of people hired.

5. In your closing paragraph you requested information on processing rates within the Seattle District and for other representative airports within the Region. The following chart depicts that information.

Approximate processing rates in the Seattle District are:

Number of air passengers cleared per hour	600
Average number of inspectors available daily for duty at SEA/TAC for passenger processing (based upon annual/sick leave, court leave, lieu days off for Saturday)	13
Number of inspectors available by hour at SEA/TAC	Variable by passenger load factors, peaking, and inspector availability
Average time it takes a Customs inspector to process the average passenger. This includes actual processing time only; it does not include time waiting in queuing lines or claiming baggage.	1 minute Primary Inspection 4-5 minutes Secondary Inspection

Other representative airports process the passenger in comparable time frames as Seattle. These are:

Los Angeles
Honolulu
San Francisco

Processing times vary because we have different processing systems in place at some of our airport locations (e.g., ONE-STOP, RED/GREEN, etc.). Some of these systems include separate Immigration (INS) primary processing, while others have dual Customs/INS primary processing. The average primary processing time under the dual inspection system is 90 seconds per passenger. The average time for Customs secondary processing is 5 minutes; this time is, of course, extended in those instances involving violations. It is important to note, however, that approximately 75-80 of the passengers do not require secondary processing.

We appreciate the opportunity to provide data for your upcoming appropriations committee hearings. If we may be of further assistance by providing additional information or clarifying the data provided, please do not hesitate to contact Mr. Don Tag on FTS 798-5932.

Sincerely,

QUINTIN L. VILLANUEVA, JR.
Regional Commissioner

Attachments

ATTACHMENT 1

PACIFIC REGION
SUMMARY SCHEDULE OF BUDGET/EXPENDITURES FOR FISCAL YEARS 1980 THROUGH 1985
(NEAREST THOUSAND DOLLARS)

	FY'80 ACTUAL EXPENSES	FY'81 ACTUAL EXPENSES	FY'82 ACTUAL EXPENSES	FY'83 ACTUAL EXPENSES	FY'84 ACTUAL EXPENSES	FY'85 BUDGET
SALARY EXPENSES						
FULL TIME PERSONNEL	57,593	60,276	63,807	63,242	63,091	62,173
TEMPORARY PERSONNEL	3,065	1,863	1,852	1,794	1,684	1,351
OVERTIME	15,180	18,819	18,347	16,024	16,910	16,194
OTHER	1,504	1,649	1,488	2,741	2,785	2,231
SUB TOTAL	77,342	82,607	85,494	83,801	84,470	81,949
EMPLOYEE BENEFITS (A)	5,998	8,427	8,820	9,865	10,253	9,775
OPERATING EXPENSES						
TRAVEL	1,875	1,930	1,791	2,473	2,099	1,651
RENTAL (B)	8,706	8,785	9,429	9,964	9,085	10,561
EQUIPMENT	211	258	300	142	132	154
OTHER (C)	6,768	6,432	6,069	5,083	7,210	5,304
SUB TOTAL	17,560	17,405	17,589	17,662	18,526	17,670
TOTAL EXPENSES	100,900	108,439	111,903	111,328	113,249	109,394
PORTION OF FULL TIME PERSONNEL THAT ARE INSPECTORS (D)				58%	57%	51%

(A) Includes Retirement, FICA, Health Insurance, Life Insurance, etc.

(B) Includes rental of office equipment, communications equipment, and facilities.

(C) Includes transportation of items, repair services, fuel, supplies, etc.

(D) We do not maintain costs separately for Inspectors. These percentages represent an estimated portion of the salaries related to those employees.

ATTACHMENT 2

PACIFIC REGION
EXPENDITURES BY DISTRICT FOR FISCAL YEAR 1983
(NEAREST THOUSAND DOLLARS)

	SEATTLE	SAN FRANCISCO	PORTLAND	ANCHORAGE	HONOLULU	SAN DIEGO	LOS ANGELES	TOTAL
SALARY EXPENSES								
FULL TIME PERSONNEL	8,416	8,891	1,634	1,388	4,524	7,092	12,325	44,270
TEMPORARY PERSONNEL	430	168	28	64	190	235	399	1,514
OVERTIME	2,889	2,191	345	784	2,095	2,594	4,685	15,583
OTHER	324	179	38	355	839	80	115	1,930
SUB TOTAL	12,059	11,429	2,045	2,591	7,648	10,001	17,524	63,297
EMPLOYEE BENEFITS (A)	985	1,063	190	181	554	874	1,483	5,330
OPERATING EXPENSES								
TRAVEL	92	80	30	79	60	56	105	502
RENTAL (B)	138	122	32	56	62	94	186	690
EQUIPMENT	14	9	5	2	7	27	34	98
OTHER (C)	300	251	52	63	92	311	1,234	2,303
SUB TOTAL	544	462	119	200	221	488	1,559	3,593
TOTAL EXPENSES	13,588	12,954	2,354	2,972	8,423	11,363	20,566	72,220
PORTION OF FULL TIME PERSONNEL THAT ARE INSPECTORS (D)	55%	42%	44%	66%	62%	76%	50%	58%

NOTE 1: We do not maintain costs separately for Inspectors on a District by District basis. The above percentages represent an estimated portion of the salaries related to those employees.

NOTE 2: This Schedule includes only expenditures at the District level. The Summary Schedule includes expenditures for the entire Region.

(A) - (D) See Attachment 1

ATTACHMENT 3

PACIFIC REGION
EXPENDITURES BY DISTRICT FOR FISCAL YEAR 1984
(NEAREST THOUSAND DOLLARS)

	SEATTLE	SAN FRANCISCO	PORTLAND	ANCHORAGE	HONOLULU	SAN DIEGO	LOS ANGELES	TOTAL
SALARY EXPENSES								
FULL TIME PERSONNEL	8,145	8,840	1,690	1,362	4,398	7,605	12,660	44,700
TEMPORARY PERSONNEL	421	178	31	60	190	215	398	1,493
OVERTIME	2,784	2,530	390	761	1,824	2,909	5,252	16,450
OTHER	27	31	5	4	14	23	51	155
SUB TOTAL	11,377	11,579	2,116	2,187	6,426	10,752	18,361	62,798
EMPLOYEE BENEFITS (A)	1,150	1,109	228	553	1,557	1,039	1,719	7,355
OPERATING EXPENSES								
TRAVEL	92	86	27	77	58	45	91	476
RENTAL (B)	155	147	38	41	72	123	211	787
EQUIPMENT	5	6	1	1	4	16	31	64
OTHER (C)	258	305	53	102	90	311	1,627	2,746
SUB TOTAL	510	544	119	221	224	495	1,960	4,073
TOTAL EXPENSES	13,037	13,232	2,463	2,961	8,207	12,286	22,040	74,226
PORTION OF FULL TIME PERSONNEL THAT ARE INSPECTORS (D)	54%	42%	46%	66%	61%	78%	55%	57%

NOTE 1: We do not maintain costs separately for Inspectors on a District by District basis. The above percentages represent an estimated portion of the salaries related to those employees.

NOTE 2: This Schedule includes only expenditures at the District level. The Summary Schedule includes expenditures for the entire Region.

(A) - (D) See Attachment 1

ATTACHMENT 4

PACIFIC REGION
BUDGET BY DISTRICT FOR FISCAL YEAR 1985
(NEAREST THOUSAND DOLLARS)

	SEATTLE	SAN FRANCISCO	PORTLAND	ANCHORAGE	HONOLULU	SAN DIEGO	LOS ANGELES	TOTAL
SALARY EXPENSES								
FULL TIME PERSONNEL	7,320	8,472	1,512	1,200	4,008	7,680	13,296	43,488
TEMPORARY PERSONNEL	250	111	18	38	118	137	225	897
OVERTIME	2,867	3,318	441	650	2,004	3,008	5,207	17,495
OTHER	28	33	6	4	15	24	51	161
SUB TOTAL	10,465	11,934	1,977	1,892	6,145	10,849	18,779	62,041
EMPLOYEE BENEFITS (A)	1,161	1,158	260	476	1,655	1,066	1,712	7,488
OPERATING EXPENSES								
TRAVEL	102	91	28	87	55	46	87	496
RENTAL (B)	156	153	43	35	76	126	209	798
EQUIPMENT	8	8	2	3	5	8	12	46
OTHER (C)	260	318	60	87	95	318	1,618	2,756
SUB TOTAL	526	570	133	212	231	498	1,926	4,096
TOTAL EXPENSES	12,152	13,662	2,370	2,580	8,031	12,413	22,417	73,625
PORTION OF FULL TIME PERSONNEL THAT ARE INSPECTORS (D)	53%	43%	46%	60%	61%	78%	53%	51%

NOTE 1: We do not maintain costs separately for Inspectors on a District by District basis. The above percentages represent an estimated portion of the salaries related to those employees.

NOTE 2: This Schedule includes only allocations at the District level. The Summary Schedule includes the entire Region.

(A) - (D) See Attachment 1

ATTACHMENT 5

PACIFIC REGION
STAFFING LEVELS
END OF
FISCAL YEAR 1982

	INSPECTORS	IMPORT SPECIALISTS	CANINE ENFORCEMENT OFFICERS	REIMBURSABLE*	OTHER	TOTALS
REGIONAL OFFICE	0	0	1	0	175	176
OFFICE OF PATROL	0	0	0	0	319	319
SAN DIEGO DIST.	217	20	8	4	47	296
LOS ANGELES DIST.	273	82	12	16	171	556
SAN FRANCISCO DIST.	168	53	3	13	165	382
PORTLAND DIST.	29	11	0	1	23	64
SEATTLE DIST.	139	41	3	8	101	342
ANCHORAGE DIST.	35	0	0	3	20	58
HONOLULU DIST.	112	8	1	15	51	187
TOTALS	1,003	215	28	62	1,072	2,380

* Customs employees' salaries that are reimbursed by warehouse proprietors.

ATTACHMENT 6

PACIFIC REGION
STAFFING LEVELS
END OF
FISCAL YEAR 1983

	INSPECTORS	IMPORT SPECIALISTS	CANINE ENFORCEMENT OFFICERS	REIMBURSABLE*	OTHER	TOTALS
REGIONAL OFFICE	0	0	1	0	189	190
OFFICE OF INVESTIGATIONS	0	0	0	0	250	250
OFFICE OF PATROL	0	0	0	0	206	206
SAN DIEGO DIST.	231	16	10	0	47	304
LOS ANGELES DIST.	270	82	12	4	170	538
SAN FRANCISCO DIST.	153	49	3	2	162	369
PORTLAND DIST.	30	11	0	0	27	68
SEATTLE DIST.	170**	42	2	4	102	320
ANCHORAGE DIST.	36	0	0	2	20	58
HONOLULU DIST.	107	9	2	9	48	175
TOTALS	997	209	30	21	1,221***	2,478

* Customs employees' salaries that are reimbursed by warehouse proprietors.

** During FY 1983, the Vancover B.C. Customs Pre-clearance operation with 22 inspectors was transferred to the Chicago Region. That re-alignment accounts for the reduction in inspector staffing from FY 1982.

*** The increase in the "Other" category for FY 1983 is due principally to the Office of Investigations being added to the Regional organizational structure.

ATTACHMENT 7

PACIFIC REGION
STAFFING LEVELS
END OF
FISCAL YEAR 1984

	INSPECTORS	IMPORT SPECIALISTS	CANINE ENFORCEMENT OFFICERS	REIMBURSABLE*	OTHER	TOTALS
REGIONAL OFFICE	0	0	1	0	175	176
OFFICE OF INVESTIGATIONS	0	0	0	0	245	245
OFFICE OF PATROL	0	0	0	0	182	182
SAN DIEGO DIST.	254	13	9	0	50	326
LOS ANGELES DIST.	305	83	11	4	150	553
SAN FRANCISCO DIST.	149	44	3	1	158	355
PORTLAND DIST.	29	10	0	0	24	63
SEATTLE DIST.	164	37	1	4	97	303
ANCHORAGE DIST.	35	0	0	2	16	53
HONOLULU DIST.	103	8	2	9	48	170
TOTALS	1,039	195	27	20	1,145	2,426

* Customs employees' salaries that are reimbursed by warehouse proprietors.

ATTACHMENT 8

PACIFIC REGION
STAFFING LEVELS
AS OF
JANUARY 28, 1985

	INSPECTORS	IMPORT SPECIALISTS	CANINE ENFORCEMENT OFFICERS	REIMBURSABLE*	OTHER	TOTALS
REGIONAL OFFICE	0	0	1	0	171	172
OFFICE OF INVESTIGATIONS	0	0	0	0	241	241
OFFICE OF PATROL	0	0	0	0	176	176
SAN DIEGO DIST.	248	13	10	0	49	320
LOS ANGELES DIST.	295	94	11	4	150	554
SAN FRANCISCO DIST.	150	42	3	1	155	351
PORTLAND DIST.	29	10	0	0	24	63
SEATTLE DIST.	162	35	1	0	107	305
ANCHORAGE DIST.	30	0	0	2	18	50
HONOLULU DIST.	101	8	2	9	46	166
TOTALS	1,015	202	28	16	1,137	2,398

* Customs employees' salaries that are reimbursed by warehouse proprietors.

ATTACHMENT 9.

PACIFIC REGION

ATTACHMENT 9

CONTRABAND ENFORCEMENT TEAM
STAFFING

	OCT. 1984	MAR. 1983
ANCHORAGE	2	1
BLAINE	3	3
CALEXICO	10	10
HONOLULU	10	13
LOS ANGELES - LONG BEACH	8	10
LOS ANGELES INTL	18	12
SAN DIEGO	10	10
SAN FRANCISCO	22	15
SEATTLE	7	8
TACOMA	3	2

NOTE: CET has only been an official entity for a bit over two years.

EXODUS TEAM STAFFING

	OCT. 1984	MAR. 1983
ANCHORAGE	0	1
BLAINE	0	1
CALEXICO	0	1
HONOLULU	0	1
LOS ANGELES - LONG BEACH	4	5
LOS ANGELES INTL.	4	6
PORTLAND	0	2
SAN DIEGO	0	2
SAN FRANCISCO	6	8
SEATTLE	2	2

NOTE: The Pacific Region took a thirteen position cut in EXODUS positions. The one position at Blaine was eliminated (as were those at the other small ports and land border ports); no reduction was taken at Seattle.

ATTACHMENT 10

PACIFIC REGION
EXPENDITURES/BUDGET FOR TEMPORARY INSPECTORS
(NEAREST THOUSAND DOLLARS)

		SEATTLE	SAN FRANCISCO	PORTLAND	ANCHORAGE	HONOLULU	SAN DIEGO	LOS ANGELES
FY'80	TOTAL TEMP. EXPENSE	286	82	10	70	173	240	350
FY'80	SUMMER TEMP. EXPENSE (INCLUDED IN ABOVE)	160	44	4	50	47	105	150
FY'81	TOTAL TEMP. EXPENSE	313	104	22	77	183	257	390
FY'81	SUMMER TEMP. EXPENSE (INCLUDED IN ABOVE)	156	42	11	39	68	119	163
FY'82	TOTAL TEMP. EXPENSE	313	115	20	81	223	250	364
FY'82	SUMMER TEMP. EXPENSE (INCLUDED IN ABOVE)	167	57	6	53	63	113	164
FY'83	TOTAL TEMP. EXPENSE	430	168	28	64	190	235	399
FY'83	SUMMER TEMP. EXPENSE (INCLUDED IN ABOVE)	179	52	13	32	63	99	159
FY'84	TOTAL TEMP. EXPENSE	421	178	31	60	190	215	398
FY'84	SUMMER TEMP. EXPENSE (INCLUDED IN ABOVE)	213	74	11	37	75	129	170
FY'85	TOTAL TEMP. BUDGET	250	111	18	38	118	137	225
FY'85	SUMMER TEMP. BUDGET (INCLUDED IN ABOVE)	123	43	6	22	43	77	101

NOTE 1: Summer is the period of July, August and September.

NOTE 2: The Regional budget for FY'85 was reduced by 37% from FY'84, and our allocations to the Districts were reduced accordingly.

STATEMENT OF ROBERT HARDY, DISTRICT DIRECTOR, U.S. CUSTOMS SERVICE, SEATTLE

Mr. HARDY. I have no prepared comments, Senator Gorton; however, I would like to point out that since I have been district director in Seattle we've had a very pleasant relationship between members of my staff and members of the port of Seattle, the importing community—which includes the airlines, the carriers, and the brokers. We have taken, in this district, seriously, all of the new Customs initiatives, such as ACCEPT, the ACS processing, the rover concepts, red/green concepts in passenger processing to what we believe to be their fullest extent, and we consider them to be extremely successful initiatives in this district. Because we've initiated these new concepts we have been able to adopt the selective approach that Mr. DeAngelus has discussed earlier; and with these, we have been able to keep pace so far with the tremendous growth in trade and passengers that we've had over the last few years.

I hope that we are going to be able to continue to do this. We are always examining our Customs problems and we are always examining to find whether or not there are new ways to do things. Sometimes adversity makes us work a little bit wiser than if you're in times of plenty. So we've been, I think, rather dynamic in meeting the Customs problems in this district.

Senator GORTON. Mr. Hardy, let me ask you a specific question over a specific timeframe on release of cargo. Does it take longer today than it did a year ago? What changes have actually been implemented in the last year and what changes do you see for the future?

Mr. HARDY. Well, the primary change that's been initiated in this district in the past year for cargo at the seaport has been the implementation of the ACCEPT method for cargo processing. It is a selective method of processing wherein it allows us to focus in on those shipments that we're interested in for a variety of reasons. Some might be for enforcement purposes because, in many cases, country of origin or shipper of origin or information that we have about individuals and firms or perhaps destination. The other issues might be concerning more traditional concerns, such as quota merchandise, textiles, or steel initiatives that we have had to adapt ourselves to in our selective processing here in this district.

So we are passing through the overwhelming majority of the merchandise that arrives in this port. And, indeed, the same is true of Tacoma and Blaine, which are the three principal ports of entry.

But the fact of the matter is that without these initiatives, we would not be able to cope with the increasing level of trade that we have——

Senator GORTON. Does it take longer this year than it did a year ago?

Mr. HARDY. I would say not. I would say that because of ACCEPT, we're doing better than we were before because we are able to get advance information on the majority of shipments that arrive in this district; and having this advance manifest information, we make decisions about which cargo we're going to be interested in, to have what we call a "hold" put on for that particular bill of lading for our examination purposes. We examine less than

4 percent of the cargo that comes into the port, so that means that 96 percent of the cargo is effectively cleared by Customs before it ever arrives.

Senator GORTON. For Mr. DeAngelus and Mr. Villanueva, sort of a double question. I note from my information here that the Customs Service nationally has about 600 more employees now than it did a year or so ago, and I note also the very substantial disproportion in the number of full-time inspectors in Seattle and San Francisco with relation to the amount of air and sea cargo coming in. Can you explain to us why, with 600 new employees, none of them are out here, and why those great disproportions exist?

Mr. DEANGELUS. I think someone has given you incorrect information, Senator. We do not have 600 new employees in the Customs Service. We do have approximately 90 additional workyears this year over last year. And those have been allocated strictly to drug enforcement in the New York region, not to cargo processing.

It is true that Customs manpower has reduced over the past 4 years by over 1,000 workyears. However, our inspector workyears have increased by approximately 100 positions. And if you take out the 75 workyears devoted to drug enforcement in New York, you will actually see that there has been a move of the inspection work force from the east coast to the west coast in recognition of the tremendous workload increases that have occurred. A major problem in Los Angeles and Seattle is that increases have been so tremendous that the existing work force could not adapt to new methods as quickly as they would in a place where the volume increase wasn't so great relative to the base.

I think that as these problems arise, we are addressing them. We are using a selectivity approach. Aberrations do occur, and it's unfortunate they have occurred most often in Los Angeles and Seattle.

Senator GORTON. Why the disproportion between here and San Francisco in workload per inspector?

Mr. DEANGELUS. That's very difficult to make that judgment, Senator, because in San Francisco you have a large airport and a seaport, and the seaport is rather old, it's not efficient, it's not modern, it's not geared to handle large volumes of cargo. Consequently, it takes a disproportion of manpower. In Seattle, when we look at Seattle as a district, we've got border processing. We process an awful lot of people coming across the border, as well as cars and trucks. Different aspects in processing their cargo than sea cargo. Passenger inspection at airports is much more intensive, especially depending on the threat, the locations from which the flights arrive.

So the raw numbers can't be viewed in their totality. We have to break them down as to how many are devoted to cargo processing, how many to air processing, how many to border processing, and then where they're devoted. Seattle has some more modern facilities; it does still have some old facilities. The new Sea-Land terminal will be much more efficient, not only for Sea-Land, but for Customs operations it will be much more efficient, much easier to control the cargo and to perform our inspection function.

Senator GORTON. Chairman Roybal.

Representative. ROYBAL. Mr. Hardy, I was pleased to hear you say that Customs, you said, is continuously striving to improve the service.

Mr. HARDY. Yes, sir.

Representative ROYBAL. Now, at one time the Department was known as the Bureau of Customs; now the name is the U.S. Customs Service. So the name implies that it is a service organization. Do you agree with that?

Mr. HARDY. I think we have a dual mission. We have a service to people entering the country, to process them as promptly and efficiently as possible, and to collect the proper amount of duty on cargo that arrives. We also have the other mission of law enforcement, which is one which we all know is consuming an increasing amount of our Customs budget, and this is simply because of the threat to society in this country of drugs, primarily, and we are the people at the border who have to meet that responsibility.

Representative ROYBAL. Well, all three are commendable missions. The truth of the matter is that in each one of those missions Customs has done a good job, but a job that can be done better. Don't you agree?

Mr. HARDY. I certainly do.

Representative ROYBAL. OK. Since we've established that, let's go into how it can be done better.

There is approximately $12 billion that comes into the Treasury that is generated by customs every year. Los Angeles Harbor alone generates approximately $2 billion. If you add the money that is generated by the west coast, you will find that the amounts are quite substantial and they far exceed the $700 million that are spent to operate all of Customs, the three very commendable functions that you have. You do agree with that?

Mr. HARDY. An excellent return on investment.

Representative ROYBAL. All right. Now, since that is the case—and it's my understanding that you have some business background—wouldn't it make some sense to invest more personnel wherever needed in an effort to generate more income just as is done by any major corporation, by any hot dog stand anyplace, or by anyone who is involved in a change of moneys and in the profit motive? Wouldn't it make sense to improve service so that you can get more done, more money coming into the service? Wouldn't that make some sense?

Mr. HARDY. I'd certainly have to agree with you; from the standpoint of the administration in dealing with the budget picture, there's the tradeoff that has been made, and this is something that is critical but it really isn't within my realm. I have no——

Representative ROYBAL. You're talking about something else, now. I'm talking about, would not the policy make some sense?

Mr. HARDY. Yes, sir.

Representative ROYBAL. I think it would, too. And I don't think there's any real argument from anyone that it won't, that that is not the proper way to do it.

Now we have the other situation. In the last 4 years, the recommendation of the administration has been to reduce personnel primarily in the customs area, and not necessarily related to the interdiction of narcotics. Last year, for an example, the recommen-

dation was a reduction of approximately 2,340 individuals; the year before, I don't remember how many or what number were recommended to be RIFed, but the committee did not agree and we put that personnel back in again. This year, in the budget of this year, the recommendation is that we reduce personnel by 850. Are you aware of that, Mr. Hardy?

Mr. HARDY. No, sir, I wasn't.

Representative ROYBAL. All right. But it's in the budget. That means that your department, then, would probably be reduced if that reduction came about.

Can you actually generate more income, catch more people that come in with narcotics, get more cargo through with less personnel than you have now?

Mr. HARDY. I would say no, sir.

Representative ROYBAL. Well, I don't think you can, either.

Now, having established that, Mr. DeAngelus, I talked to a man who's in the field right here, and I think he agrees with certain principles; I don't see how he could not have. But now let's go to the reality.

First of all, isn't it true that you have—I think you already mentioned it a little while ago—a 5-year plan, and that that 5-year plan calls for the reduction of personnel throughout all of Customs?

Mr. DEANGELUS. Yes, sir, that's correct.

Representative ROYBAL. All right. What rationale is being used for that reduction, other than budgetary restraints?

Mr. DEANGELUS. I think, Senator, that first I have to say that I believe that Mr. Hardy may hold his opinion about next year's budget because I haven't done a good enough job of explaining what is constituted in the 1986 budget. And to respond directly to your——

Representative ROYBAL. Mr. DeAngelus, you know, in defense of the gentleman, I was asking him some very simple questions that had nothing to do with budget, nothing to do with the department, just logical questions that were asked of him, that their response would be forthcoming from any rational, prudent person.

Mr. DEANGELUS. Self-evident.

Representative ROYBAL. Self-evident. So it has nothing to do with your briefing Mr. Hardy or anything of the kind. We have established from the standpoint of logic that here is a logical person, a prudent individual, an experienced individual, who agrees with certain business principles and which has nothing to do with what he does or doesn't do in his regular line of duty.

Now, let's go on with that because I want to make it clear that Mr. Hardy was not telling us anything out of school.

Mr. DEANGELUS. No. I was trying to make it clear, and I guess I didn't, Mr. Chairman, that he was not telling anything out of school, that I had not properly informed him of Customs plans. We had not yet distributed the 5-year plan——

Representative ROYBAL. We are not discussing Customs plans.

Mr. DEANGELUS. But there is, Mr. Chairman, a plan to be able to meet the workload increases without increasing personnel, and in fact, by reducing personnel. And that plan embodies part of what is before your committee now and the two authorization committees,

as well as the Senate Appropriations Committee, and that's a plan to centralize administrative functions in Indianapolis, Indiana, and in Washington, DC and thereby saving over 300 administrative man-years.

I mentioned earlier that Customs manpower had been reduced by over 1,000 positions in the last 5 years, and yet we had increased our inspector work force by over 100. The reason for that is that what we did is we reduced administrative overhead, we reduced management positions, and put those positions in the line.

Representative ROYBAL. It is my understanding, Mr. DeAngelus, that that plan is now partially in operation in some quarters. But we heard testimony here a little while ago that there are inspectors, full-line inspectors doing CRT work simply because there is a freeze and you can't hire the typists or the trained personnel to operate that system. Now, is that efficiency?

Mr. DEANGELUS. That is not efficiency in the short term, Mr. Chairman.

Representative ROYBAL. Not efficient in the short term. Now, what do you mean by the short term? This very efficient program that you're talking about, when is that going to be in place and operating at its fullest? Will it be 1 year, 2 years, 3 years, or what?

Mr. DEANGELUS. At its fullest, approximately 3 years, Mr. Chairman.

Representative ROYBAL. In the meantime, we have those 3 years; and the people who testified here addressed their complaint to the status quo, and they're looking at this thing from a standpoint of what's going to happen next year and the following year and 2 years from now. You heard most of the testimony. Don't you think there was at least some justification to what they were saying?

Mr. DEANGELUS. I'd like to say, Mr. Chairman, that those people didn't know what they were talking about. [Laughter.]

But I can't.

Representative DICKS. Get the tar and feathers. [Laughter.]

Mr. DEANGELUS. It's unfortunately a different viewpoint of the same problem, and choosing different solutions to the problem.

Representative ROYBAL. But you don't deny the fact that there are inspectors now doing CRT work?

Mr. DEANGELUS. No, I don't.

Representative ROYBAL. All right. So, at least if that is correct, according to the testimony, if you only get one CRT person in place, wherever it is, that person could release seven inspectors. That, to me, is a tremendous savings.

Mr. DEANGELUS. That would be a tremendous savings, Mr. Chairman.

Representative ROYBAL. Let's say that there are two CRT inspectors, or even three, or even four; and that with the four, you release seven inspectors. That still would be a savings. And you have three years in which you're going to implement this plan.

It seems to me that arguments that were presented to this committee a little while ago were solid arguments. They were looking at this thing, of course, from their viewpoint, but looking at it from the viewpoint of those of us who are going to have to legislate and recommend that budget—and not too long from now—we, as legislators and as concerned people, are going to have to start listening

to what is being said about conditions that now exist. Then we must do everything we possibly can to correct them, so that when your plan takes hold, then the system will operate so smoothly that even I will have to congratulate you, Mr. DeAngelus, for a good job. [Laughter.]

Mr. DEANGELUS. I hope you will do that, Mr. Chairman.

Representative ROYBAL. That's what I want.

Mr. DEANGELUS. I hope also that when we come before your committee that Customs management will do a better job of explaining our plans so that you will see that we do not believe that increased manpower is the answer to our problems.

Representative ROYBAL. We're not saying that increased manpower is the answer to the problem. I think you take the attitude that what we're saying is that we want 200 people here in Seattle, that we want 300 in Los Angeles and 500 somewhere else— we're not saying that at all.

We want enough personnel to bring some efficiency to the operation. Why should seven inspectors be taken away from the line because they're going to operate a little computer-type, typewriter-type machine? That's not efficiency. It seems to me that the Service—and I'm calling Customs a service—should be able to see that, and should be able to hire these people, train them and train them well. Because you'll pay them less, there'll be a saving there, and you will be able to release these inspectors to the field and you will keep a lot of people happy here in Seattle.

Mr. DEANGELUS. Mr. Chairman, we certainly would like to keep the people in Seattle and other places happy.

Representative ROYBAL. Would you consider then those recommendations, give them good consideration?

Mr. DEANGELUS. Mr. Chairman, when you speak, I always consider whatever you say. [Laughter.]

Representative Roybal. Thank you.

Senator GORTON. Congressman Dicks, do you think you can top that?

Representative DICKS. No, I'll leave it to the chairman. I think that's pretty good.

Mr. DeAngelus, first of all I want to say how much we appreciate your coming here. And Mr. Hardy and Mr. Villanueva, we appreciate your participation as well.

I guess what bothers me is, we've heard from some very outstanding people in the local community, people whose judgment I respect, people who I think have the best interests of the Port of Tacoma, the Port of Seattle, Sea-Tac, the best interests of the economy of the Northwest in mind. And these are basically professionals, business people, people who are out there every single day, on the line, watching what's happening. And the absolute, unanimous opinion of those people is that we're short some staff to make the airport operate more efficiently and to make the port operate more efficiently. And yet, you come here and tell us, immediately following that testimony, that all of these people are wrong, that you've got a 5-year plan that somehow magically is going to prove them all incorrect, that you can do it with management wizardry, and that you don't need the people because that's what's in your budget.

Now, it just doesn't hold water here. You've heard from the very best people in this community; they say you're wrong. How can you come and tell us when all of these people have testified right in front of you, that we don't have the personnel—and these aren't people who want to throw money at problems; these aren't big spenders; these people are responsible—and yet they say they haven't got the people to do the job. Now, how can you turn around and tell us that they do? I don't understand that.

Mr. DEANGELUS. Congressman Dicks, I conveyed the wrong impression if I gave the impression that these people don't know what they're talking about. However, these people also don't know about our management plans and management improvements in the Customs Service.

Representative DICKS. Yes, but they see the results right out here in the community, right out there on the line, every day. And they say you're wrong, Mr. DeAngelus.

Mr. DEANGELUS. I understand, but they don't know what my solutions are for those problems.

Representative DICKS. They haven't seen any, that's the problem.

[Laughter and applause.]

Mr. DEANGELUS. Congressman Dicks, you know, myself and my colleagues prefer to be called public servants rather than bureaucrats because of the bad connotations that's been put on that——

Representative DICKS. I haven't called you a bureaucrat.

Mr. DEANGELUS [continuing]. And I'd just like to explain that I'm a lifelong Customs employee. This has been my company for over 25 years, and I believe in it and I believe in its mission. But also I believe that the country has serious problems. And I believe as a public servant, it is my obligation to manage the taxpayer's dollar, which is your dollar and my dollar and these people's dollar, in the most efficient and effective way. And also, in this interim——

Representative DICKS. If it's productive, if it's going to add to the revenues of our Government, if it's going to add to the economy of this country I would side with you. But you've heard testimony here today that these delays have an enormous economic consequence when people can't get their cargo cleared. That means that money is being wasted, millions and millions of dollars of money that could go into the economy more quickly is being wasted, taxes are being obviously lost that would be collected if this system operated more effectively and more efficiently.

So what I'm saying is, you're being penny-wise but pound-foolish. I mean, you're saying that by making this inefficient, in a sense—not intentionally, but that's the result, it's inefficient—that somehow we're saving the American people money? The people who are having to pay more because those goods get there later and the cost goes up? That's the economic problem that we see. And so what we're trying to get across to you, and we've tried for 3 years to get across to you, is that this is an unwise savings, that this particular service is essential to the operation of our economy. And that we will get more in revenues; the Treasury will be better off if we add a few more people in this essential area. And that's why we're upset that the Department continues to stonewall on this issue, in a sense, invoking its judgment over the collective judg-

ment of every single business person who has to deal with this agency all over this country. You can't get one person, really, of any substance or judgment in any port in America to stand up and say that your judgment and your assessment and your approach is working. I'll just tell you that right now, because I've talked to them. And I'm very, very frustrated that this year again, after Congress has repeatedly said no, you have the audacity to come back with a budget that cuts 850 people out of this critical area.

I just think it's wrong, and at some point—and I want to ask you this, and I ask you for your personal and professional answer—did the Customs Department send to OMB a budget that included a request of a cut of 850 people, or was that imposed at the White House?

Mr. DEANGELUS. That was imposed above the levels of the Customs Service.

Representative DICKS. So—you're the messenger; we don't have get David Stockman here today, so we have to work you over—Customs didn't want to cut 850 people but you were told by the administration, by OMB that you had to, is that the answer, bottom line?

Mr. DEANGELUS. That is correct, Congressman. But it doesn't recognize the fact that——

Representative DICKS. You're being a good soldier.

Mr. DEANGELUS. I'm being more than a good soldier. I'm telling you what I believe. But in our everyday lives we can't do everything we'd like to do. We have to make judgments about doing one thing or another. And also, we have tried in the Customs Service over the past several years to effect a number of economies. And I don't intend to tell the airlines how to run their business, or the sea lines, or the airport authorities, although I do have some suggestions as a long-time observer——

Representative DICKS. So do I. [Laughter.]

Mr. DEANGELUS [continuing]. Or even the Congress, Congressman. Over the past few years we have proposed a number of initiatives. We closed two regions, 2½ years ago, the San Francisco region and the Baltimore region. There was much, much opposition from San Francisco and Baltimore over that. We saved over 146 man-years which we put onto the operational line at Customs. There has not been one complaint since it happened, one iota of having hurt anyone in San Francisco or Baltimore. However, that was much opposed.

As a result of that, many, many restrictions have been imposed on our appropriation money by the Congress, preventing us from making the very management improvements which we believe would result in people on the line, clearing shipments faster, clearing persons faster, collecting more drugs, and reducing our administrative overhead. The restrictions in our appropriations and authorization language prevent us from doing those kinds of things.

So, certainly, we do have a difference of opinion. I ask—and I certainly give credibility, I give great credibility to these people who deal with us on a daily basis and the particular problems that exist—but I also ask that you give some credibility to myself and to these gentlemen as professional customs officers that we do and can have solutions——

Representative ROYBAL. Will the gentleman yield?

Representative DICKS. I will yield in a second.

We appreciate all the efforts at efficiency. We just see a situation here where, with just a few more people, we think we could do a lot better job. And that's why we're wondering whether the policy makes any sense.

And, of course, I yield to my distinguished chairman.

Representative ROYBAL. I'd like to make a correction on the statement that was just made. We were told that the committee or the Congress are the individuals that put in the language that prohibits—that did, in fact, prohibit the Customs Service from doing certain things.

It is true. We, in the committee, did recommend language, and the recommended language prevented Customs from reducing staff, from making the reductions that they wanted to make. The recommendation was 2,300 to be RIF'd; we said no, you can't RIF them.

Then the recommendation went to the Senate side. And after we had passed our bill and after the President had signed our bill, they went to the Senate side, and in legislation that was passed in the Senate and finally agreed to in conference without the conferees knowing too much about it, they reversed the language that we had put in the bill.

I just want you to know that this struggle between Customs and the Committee on Treasury goes beyond just the debate status. There is an infringement, I believe, in the legislative prerogatives of the House by the executive branch of Government in many of these things that are being done, an infringement that I've never seen before, and I've been in Congress now more than 22 years. I have never been to a conference before, prior to this time, where we sit in conference, and the conferees on the part of the Senate have to go across the hall to talk to Mr. Stockman before they agree to anything in conference. I've never seen that before.

I want you to know that this struggle does continue and will continue, that Customs does have a 5-year plan where they're going to do certain things. And, you know, they're not all wrong; there are some good things that they want to do. But there are certain things that they are not doing that they should be doing, and this is what this hearing is all about. We can discuss a 5-year plan, Senator, later, and we can compliment it if we like it or criticize it if we don't like it. But I say there are good things in that, too, but the status quo today is not satisfactory. What you have planned is going to take from 2 to 3 years. I say that that is too long to wait. And we can continue with this debate back and forth, and all this struggle that goes on, and the only ones that are going to suffer are the districts such as Seattle and Los Angeles and the others.

I think that in the interest of the people in these areas we ought to forget all this debating and all this maneuvering that goes on and sit down and say to ourselves, "How can we remedy the situation by making some concessions that will make it possible for us to operate more efficiently?" And then, when your plan takes hold, then you can fly with it. That's what we want. That's the end of my preaching.

Representative DICKS. I'd like just to ask a few specific questions that have come up today.

Why are inspectors being used for data entry in the ACCEPT Program in Seattle? Why can't we have clerical people? Is it because there is a freeze on the hiring of clerical people?

Mr. DEANGELUS. Yes, sir.

Representative DICKS. Well, I'd like to ask the regional director. I mean, this is ridiculous.

Mr. VILLANUEVA. What happened, when ACCEPT was in the programming stages we had allocated a certain amount of money that would be saved to hire CRT data input operators. We got ACCEPT on line; the freeze was imposed, and we lost 102 positions. We had no other choice—either leave that hardware sit there and not being used at all with the system, or to use other people on the CRT devices.

Representative DICKS. I know that was the decision that was made, but can't you give them some relief to be able to hire clerical people that are less expensive than inspectors, and let the inspectors go back out and inspect? Is that part of this 5-year plan we're talking about on efficiency and saving the Government money?

Mr. DEANGELUS. Congressman, we have, and will as a result of yesterday and today, take another look at our financial situation. We do it constantly. We do it each month. As you are well aware, the Antideficiency Act prevents us from spending more money than is appropriated.

Representative DICKS. You're not spending the level of money that's being appropriated.

Mr. DEANGELUS. Congressman, we are spending every dime that's appropriated. We are spending it to its fullest——

Representative DICKS. Not on people.

Mr. DEANGELUS. We are spending it on people and on other efficiencies.

Representative DICKS. Well, our staff on the committee here says that we've given you more money for people, but you won't spend it on people; you want to spend it on your 5-year plan. [Laughter.]

Mr. DEANGELUS. I don't believe that's accurate.

Representative DICKS. Well, we'll quarrel about that later. Let's get back to some specifics.

What are the plans for the part-time people that we desperately need if we're going to operate the airport efficiently during the coming summer? We got them late last year—we had a meeting last year and you promised us that that was one thing you could do, get those part-time people there on time——

Mr. DEANGELUS. It was not I who promised you, but it was the Customs Service that promised you and we made an error. We made a slip and put them on too late. But it won't happen this year, guaranteed. You have my guarantee that you'll get them on time.

Mr. VILLANUEVA. You've got mine.

Representative DICKS. How about you, Mr. Hardy? Are you glad to hear that? [Laughter.]

Mr. HARDY. Very.

Representative DICKS. When?

Mr. VILLANUEVA. We just got the word yesterday, Mr. Dicks, that there will be an additional funding of the part-time inspectors

which will bring it up to about 99.5 percent of last year's expenditures on part-time for Mr. Hardy.

Representative DICKS. Mr. Hardy, you will understand and appreciate my interest in this question.

As you know, Sea-Land is moving to Tacoma. There is some question about how the staffing level will be handled after that change because of the enormous amount of additional traffic that will be at Tacoma. Have you got a game plan for how you're going to handle this?

Mr. HARDY. We had a game plan. Unfortunately, every time we get a game plan the Port of Seattle attracts more customers and any diversion of inspectors out of Seattle that we had originally anticipated has been more than consumed by the growth in the Port of Seattle. However, upon examining the——

Representative DICKS. That's not the answer I wanted. [Laughter.]

Mr. HARDY. Well, I realize that, but that's true.

Representative DICKS. Well, Seattle has a very serious problem, we're aware of that; they rent the place from Sea-Land, in a sense, which is good——

Mr. HARDY. There's another issue here, too, that in looking at the staffing of the Port of Tacoma versus the staffing at the Port of Seattle we find that the pier inspectors in Tacoma are not handling as many transactions in that port as they are in the Port of Seattle, so we're hoping that we're going to be able to absorb a good bit of the additional workload.

Representative DICKS. Without any additional people?

Mr. HARDY. I'd love to have additional people, but if we don't get them, we're going to do it anyhow.

Representative DICKS. Aren't you going to have to make some reallocation between Seattle and Tacoma if they have that kind of growth?

Mr. HARDY. Well, as I said, we've been examining the reallocation and if that's the last resort, of course, that would be our bottom line. But it would be then—we would have to be taking out of one pocket and putting it in the other.

Representative DICKS. But obviously, if they have a 300 percent increase in traffic—are you telling me that with a 300 percent increase in traffic, that the people there can handle it?

Mr. HARDY. If it's 300 percent, I would say that they cannot.

Representative DICKS. So you haven't finalized the plan. Are you going to have a chance to talk to all the affected parties about it?

Mr. HARDY. Oh, certainly. We have already met with most of the parties involved and will continue to do so between now and the actual date that Sea-Land kicks off its operation.

There are other things to be considered in this, too; from what we understand from the people who are going to be handling the shipments that are coming in via Sea-Land, a lot of those transactions—at least, the paperwork for those transactions—are going to be handled here in Seattle. So that should provide us some relief, at least in the entry sector, on how we can handle that paperwork end of the job.

As far as the examination of the containers themselves are concerned, Sea-Land handles a tremendous amount of textile materi-

als, which is also fixed quota and visa requirements, and most of this also is going to be handled in Seattle as far as entry into the quota data system.

We are currently trying to get another quota terminal established in Tacoma so that we can relieve the workload that will fall on Seattle.

Representative DICKS. What about the idea of a one-stop approach at the airport?

Mr. HARDY. I surfaced this whole issue last summer with other members of the Federal inspection service here in the Seattle-Tacoma area and the international carriers, and it was generally considered to be an excellent idea. We had the support of the regional personnel——

Representative DICKS. I understand that physically the facility would lend itself to that.

Mr. HARDY. Very nicely. Very, very nicely.

Representative DICKS. So what's the problem?

Mr. HARDY. The Immigration and Naturalization Service withdrew their support for the program because they have other issues about which they were more concerned, and I really can't speak for them.

Representative DICKS. So if we want anything done, we're going to have to get Immigration and Naturalization to sit down and work out a strategy for the future?

Mr. HARDY. Yes, sir.

Representative DICKS. OK.

Mr. HARDY. We were ready to go, to implement the one-stop plus red/green, and we thought by doing so we could probably make Seattle the most efficient airport on the west coast.

Representative DICKS. Is that in the 5-year plan, Mr. DeAngelus?

Mr. DEANGELUS. We believe in efficiency, so it will be in the 5-year plan. [Laughter.]

Representative DICKS. Good. Good. Good.

All right. So we're still going to try and work on this if we can brake the impasse that exists now?

Mr. DEANGELUS. Well, if Immigration Service's priorities are met; again, they have to push this, I can't, and neither can Customs. If they're agreeable, we're certainly willing to——

Representative DICKS. Someone has got to make them reason together?

Mr. DEANGELUS. Yes; make them an offer they can't refuse.

Representative DICKS. What is the status of the proposal to move the Seattle District from the jurisdiction of the Pacific region to the north-central region, Mr. DeAngelus?

Mr. DEANGELUS. That's being restudied, Congressman. A delegation came to see us a couple of weeks ago and pointed out some things which, frankly, we had not considered. So we are now considering them.

Representative DICKS. We appreciate that. We appreciate that.

Well, Mr. Chairman, excuse me for having taking so much time.

Mr. DeAngelus, I would ask you this. I have some other questions that I would like to ask for the record, if that would be possible.

Mr. DEANGELUS. We'd be very pleased to do that.[1]

Representative DICKS. Thank you very much.

Senator GORTON. Don.

Representative BONKER. I'm glad that you're going to submit the rest of the questions for the record. [Laughter.]

We've covered a lot of areas, so there's not much left to focus on except I'm still interested in Customs and Operation Exodus. What are you requesting from the Congress this year for a budget on Operation Exodus?

Mr. DEANGELUS. I don't have that right with me, Congressman, but I believe it's somewhere in the neighborhood of $12 million, $12.5 million, $13 million.

Representative BONKER. So you're going to drop your sights this time? Usually it's $30 million you request, and then Mr. Roybal gives you $14 million.

Mr. DEANGELUS. He's been very generous. We believe that we are making considerable progress in the Exodus Program. A lot of that money was capital investment. We believe that the message is getting across and that industry is complying much better and that we're making less mistakes than we made when we first started.

Representative BONKER. Well, I appreciate that. But if you believe in efficiency in the Department of Commerce, which really has all the licensing information that's used in these checks, and has the enforcement authority, why is Customs getting into this program anyway, since Congress never directed you to do so?

Mr. DEANGELUS. Customs was previously in this program for many years in the 1950 and 1960's, Congressman. And Customs, since 1789, because of its unique location has assumed responsibilities for many, many other agencies. Indeed, the Immigration Service sprang from the Customs Service. The Coast Guard sprang from the Customs Service.

Representative BONKER. The what?

Mr. DEANGELUS. The Coast Guard sprang from the Customs Service. The original Customs officers were revenue officers and I believe it was in 1794 that the Coast Guard was formally established from the side of the Customs Service, so to speak, if I might get biblical.

Representative BONKER. You may have predated the Founding Fathers. [Laughter.]

Mr. DEANGELUS. Well, we did predate the Treasury Department itself, Congressman, and we're rather proud of that.

But the fact is that because of our unique location, because of our somewhat unique authorities, we have assumed many, many duties for many, many—EPA——

Representative BONKER. Well, I'd like to know why you've assumed this responsibility when Commerce already has the role. I mean, if you're really for efficiency and you're for keeping your budget down, for no reason you come to the Congress and you ask for $30 million to take on this responsibility and to duplicate the function.

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[1] See information beginning at page 205.

Mr. DEANGELUS. Well, Congressman, I think we have a quite large difference of opinion here. We believe, and all the way up through the White House believes that it was the most efficient—Customs, by its location, by its unique capabilities could do it on a less-dollar cost than——

Representative BONKER. Well, then, why didn't the White House eliminate the Department of Commerce and say: "The Customs Service is uniquely qualified to carry out this enforcement role, and so let's take it away from Commerce and give it to Customs?"

Mr. DEANGELUS. If the White House had acted on my recommendation, they would have eliminated it, the department.

Representative BONKER. Well, don't we have a little turf competition going on here?

Mr. DEANGELUS. I'm afraid that's so, Congressman, yes.

Representative BONKER. Well, it certainly doesn't bring about more efficiency.

Mr. DEANGELUS. We believe that the Customs role is efficient. I also have to acknowledge that there does exist turf battles. We believe it's an honest difference of opinion, at least on our side. We do believe that what we do is the most effective expense of the taxpayer's dollar.

Representative BONKER. Well, I'm a little distressed because the program which originally identified only the Department of Commerce now involves Commerce, the State Department, the Defense Department, the Customs Service, the National Security Council, and OMB. They all now are involved in this whole licensing procedure. And it's driving our exporters crazy.

Mr. DEANGELUS. We're aware the exporters have problems. We have tried to address them from our perspective, Congressman. I know there are problems, but it's a matter of being handled at a much higher level than my office.

Representative BONKER. Thank you.

Mr. Hardy, I just have one question and this is not very pleasant, but I feel compelled to raise it. A distinguished citizen who is an executive for a shipping company wrote to you on October 18th making reference to treatment that he and his wife received upon a return from China, and talked about a female officer whose conduct was rude and offensive, unconscionable verbal abuse, and he submitted rather a detailed explanation of how he was treated. Are you familiar with that case?

Mr. HARDY. Yes, sir.

Representative BONKER. Have you handled it in a way that's satisfactory to the constituent involved?

Mr. HARDY. Well, I don't know if it's entirely satisfactory to the constituent, but I'm satisfied that it was properly handled. There were two sides to the argument. We had several people who were witnesses at the time who said that it was not precipitated by the customs officer. However, in fairness to the person involved, we had a rather lengthy discussion in my office about it, and prior to his arrival there I had looked into other issues surrounding that particular employee, and that employee is no longer processing passengers.

Representative BONKER. Do you have any in-house program for all your inspectors and others who deal with the public in conduct-

ing themselves, that they realize they are public servants, that they try to practice patience and courtesy and try to accommodate constituents and others who have to deal with public servants?

Mr. HARDY. As a matter of fact, this goes on all the time. On a regular basis we have our inspectors, primarily at the Sea-Tac facility—if they have some time before the first flight arrives each morning, there are a variety of topics that are discussed each morning at a brief training session, and this is an on-going thing. In more formal training we have people who will be coming to Seattle; just recently we had a 2-week session with Dr. Boland, who is a noted behavioral psychologist who dealt with our inspectional force in Seattle and at Tacoma and at the Blaine border crossing. These sessions last 2½ days, and all of our inspectors in these locations went through it. We think it's going to be very successful.

Representative BONKER. Thank you. I have no problems myself; I am always treated very properly.

Mr. HARDY. Well, I hope so. [Laughter.]

Representative BONKER. But I do pick up the complaints from time to time.

Mr. HARDY. Well, I get them, too. I don't like them, but just keep in mind there are two sides to the story.

Senator GORTON. Norm.

Representative DICKS. I just have a couple more quick ones now that my good friend, Mr. Bonker, has had his chance.

By the way, I understand that on the Exodus Program that it's Richard Perle at the Pentagon who is the chief culprit in this.

Island Jet-Foil will be operating a new hydrofoil service between Seattle and Victoria, British Columbia beginning on March 1. The hydrofoil will arrive in Seattle 11 a.m., and they have just received a letter from Customs stating that Customs will not be able to clear the passengers until 9:30 p.m., some 10 hours later. Can anything be done about this, Mr. Hardy? [Laughter.]

Mr. HARDY. The executives for Island Jet-Foil made a dramatic error, I think, in setting up this entire program. They touched base with everybody except the Customs Service to see whether or not the manpower would be available to clear their passengers upon arrival from Victoria, back in Seattle. We became aware, formally, of their interest in having this take place only fairly recently. Unfortunately, they had made a great number of commitments, financially and otherwise, to get this operation up and running. We're not against at all the introduction of hydrofoil service into Seattle; it sounds like something that's going to be particularly useful during the Expo that's going to be coming in 1986. However, to have our people who are in the business of clearing cargo at your port in Tacoma and in Seattle and clearing passengers at Sea-Tac, to be diverted from those functions to travel downtown to the pier location where they're contemplating coming in, means that somebody's cargo isn't going to go through or somebody's flight is going to be delayed. So our reaction to that was that we couldn't do it with existing staff during regular hours.

After the flights are cleared—which, of course, is during the regular working hours; our last flight of the day is Mexicana, which comes in around 6 pm.—we would certainly have staff available to do this.

Representative DICKS. So you have to sit on the boat from 11 in the morning until——

Mr. HARDY. Absolutely not. I think they ought to rethink their schedule and perhaps get with us a little earlier on when they want to do these things.

Representative DICKS. So here's a new business that would increase tourism, and bring economic activity to the Northwest, and what you're basically saying is that because we don't have the people—I mean, this sounds absurd to me. Maybe I'm misreading it, but if this is the way they want to operate—we're just going to tell them they can't operate that way? They're going to have to change their schedule, run at night? How can you go at night? Can hydrofoils run at night?

Mr. HARDY. Certainly.

Representative DICKS. Well, we'll talk to you some more about that.

Mr. HARDY. Yes, sir. I'm sure you will.

Representative DICKS. There's been, as was mentioned, a huge growth in cargo and air traffic coming through west coast ports and a decline in east coast ports. Mr. DeAngelus, you said there's been some adjustment, but do you think that the adjustment level has been significant enough? Obviously we don't, but how many people have been moved from the east coast to the west coast, as you suggested?

Mr. DEANGELUS. We try not to move people, as was mentioned earlier——

Representative DICKS. Or positions.

Mr. DEANGELUS. We've moved a number of positions. In fact, 113 positions have been moved over the past 5 years. The Northeast region was reduced by over 85 positions, and the Pacific region, which was the large gainer, gained 98 positions, which was 10.1 percent.

In the New York region, even with the 100 extra positions, it was reduced 4.5 percent, including the 100 extra positions used for drug enforcement.

The fact is that in many of these instances, where we plan to do these kinds of things, we're restricted from doing them. We are trying to centralize replacement; and yet, our appropriation bill tells us to put four more people into Milwaukee, WI. We don't want any customs import specialists in Milwaukee; we don't need them in Milwaukee. We're told to add 24 inspectors to Honolulu, HI. We don't need them; we've got three overstaff in Honolulu. We've got Honolulu well up to the rest of the Customs Service.

Representative DICKS. Did the appropriations bill do that?

Mr. DEANGELUS. Pardon?

Representative DICKS. You're directed in the appropriations bill to do that?

Mr. DEANGELUS. No, in the report that goes with it— no, there is some restraint that says we cannot——

Representative DICKS. We put it in the report to hire more people, and you don't do that.

Mr. DEANGELUS. Well, there's only so much money, Congressman. But the bill restricts us from centralizing appraisement, from consolidating regions, from consolidating districts. And in dis-

tricts—what happens in districts, for example, if we took Portland and Seattle and put them under the same district instead of two? We'd save $125,000 a year and not one person would be affected in Seattle and Portland if we could do it over time in a managerial way. And no one would be adversely affected—no arriving passengers, no cargo would be adversely affected. What we would do would be wipe out excess management positions.

Representative BONKER. Now, hold on a minute. The people in Portland, if they have to deal with the Customs Service then they have to come all the way up here?

Mr. DEANGELUS. The Customs Service is there. The basic customs services are port of entry; all the services are available at a port of entry. Only if, in effect, they have a problem and it's generating enforcement problems would they ever see a district director. You know, 999 out of 1,000 transactions, they would never know the difference. Absolutely no difference.

Representative DICKS. Do you want to consolidate in Seattle?

Mr. DEANGELUS. We want to consolidate a number of districts. I'd rather not say where. A number of districts around the country, to get down to 25 instead of the current 43 that we have, and we'd save, I believe, $1.7 million just wiping out management positions and administrative positions, not affecting line officers at all. These are the kinds of things we'd like to do so that we could respond to this hydrofoil carrier, so that we have the manpower to do that without increasing our budget.

Representative BONKER. Before you get carried away, the people in Portland are very up in arms over the idea of consolidation.

Mr. DEANGELUS. Well, they may be; but for example, Providence, RI has not had a district director since 1976. We have in Providence now an individual we call a district director; he's actually a port director. And we have eliminated the two assistant district director positions, and the two secretary positions, and we're saving $80,000 a year, and no one knows the difference in Providence. Bridgeport, CT, did not have a district director from 1971, and we just recently eliminated Bridgeport, CT, as a customs district. It is a port of entry under the Massachusetts Customs District. There has been no adverse effect on the import community——

Representative BONKER. You're comparing apples and oranges. You know, it's simply that you can cite a few small port facilities there; it's not a valid reason on the west coast for a more dynamic port operation like Portland.

But the point has been raised by Congressman Wyden and Chairman Gibbons when he was here, and I just note that for the record, that they are concerned about the consolidation and that the idea was to consolidate the two and locate it in Seattle. I rather imagine there would be a few concerns raised at this end.

Representative DICKS. In light of the fact that the Seattle district has an enormously successful record in seizing narcotics, which indicates that there is a lot of traffic coming through this area at Sea-Tac and Blaine, why are you cutting their staff?

Mr. HARDY. You're asking me that question?

Representative DICKS. Yes.

Mr. HARDY. I'm not cutting the staff.

Representative DICKS. Mr. DeAngelus.

Mr. DEANGELUS. Congressman, I didn't know that we were cutting staff. I know that we're not increasing staff; as I explained earlier, we try to take administrative positions and convert them to line positions. However, again, we have a ceiling within which we must operate and we try to allocate as best we can within that ceiling.

Representative DICKS. Well, if we're going to cut those positions I think we ought to think about it just a little bit more.

Let me ask you one other thing for Congressman Swift. What are your plans to staff Blaine for Expo 1986?

Mr. DEANGELUS. I'm not aware of any specific plans at this time. I know that our headquarters inspection control is looking at it. My experience has been over the years that we generally do not need major staff increases for these types of things. I was in San Ysidro this past weekend and we had heroic estimates from our Customs people about what additional staffing would be needed for that. It turns out that only approximately 13 additional positions were needed for that. We were staffed temporarily last year for the Olympics; we did not use all the additional staffing that we allocated for the Olympics because we were able to operate in a more efficient manner and not have to do anything special. We hope that we will be able to do that with regard to Expo at Blaine. It may be that the hours of the day that we expect the traffic to be transiting will not cause us a problem.

Representative DICKS. Thank you, Mr. Chairman.

Senator GORTON. Thank you, Norm.

Thank you especially, Congressman Roybal, we really appreciate your coming up here and making common cause with us in the Pacific Northwest.

We also thank all the witnesses very much for coming up here and for providing us with as much information as you have. The hearing is adjourned.

[Whereupon, at 4:27 p.m., the committee recessed, to reconvene at the call of the Chair.]

[Other materials supplied to the committee follows:]

THE CHAMBER
GREATER SEATTLE CHAMBER OF COMMERCE

ADOPTED
by the
BOARD OF TRUSTEES
of the
GREATER SEATTLE CHAMBER OF COMMERCE

February 12, 1985

The Board of Trustees of the Greater Seattle Chamber of Commerce urges the U.S. Customs Service to make adequate staffing of customs inspectors for cargo and personnel processing the top priority in the Seattle Customs District.

In addition, the Board recommends that:

1) Customs meet with affected parties on the issue of redistricting to make clear the purpose for the change and the probable outcome with respect to staffing levels and administrative efficiency.

2) Staffing of special programs such as contraband enforcement, Operation Exodus and ACCEPT be carried out in such a way as to have the least possible negative impact on the cargo and personnel processing functions.

3) Immigration staffing be increased or procedures streamlined to accomodate rapid growth in travellers requiring INS attention.

4) Special consideration be given to staffing requirements related to anticipated increases in Canada/U.S. border crossings during Expo 86.

5) The district office administration maintain its "open door" policy to business and continue its commendable efforts at streamlining procedures.

Background

The issue of adequate staffing of customs inspectors for cargo and personnel clearance is one that must be viewed in the context of a number of constraining factors which include: 1) absolute growth of importation and air passenger arrivals, 2) relative growth of the same among various ports of entry, 3) government objective of reducing budgets, 4) dilution of the work force through such special programs as the Contraband Enforcement Team, Operation Exodus, the Manifest Review Unit and ACCEPT, and 5) improvements in operating efficiency.

While absolute growth of imports and air passenger arrivals over the last five years has been positive in most ports, the Seattle Customs District has experienced higher growth rates in such measures as dollar value imports, 51%, and air passenger arrivals, 107% (highest in the nation), relative to other ports, particularly those on the East Coast; while at the same time experiencing an absolute decrease in customs inspectors.

In addition, the work force of inspectors has been further diluted by special programs, resignation, retirement and death to the point that, currently, only 18 of 35 seaport inspectors are available to clear cargo, vessels and passengers.

In an era of extraordinary budget deficits, the move to streamline procedures and operating efficiency is a welcome one. However, budget cuts and non-allocations should be viewed from the cost/benefit perspective. For example: the Seattle Customs District has only 9% the number of inspectors that New York has, but collects 31% as much revenue. The ACCEPT program, designed to streamline procedures, has absorbed four inspectors who are utilized as data entry clerks.

The U.S. Customs Service has proposed that the Seattle Customs District be redistricted from the Los Angeles region to the Chicago region. Such a move could have positive and negative ramifications. The shift is seen as a means by which to consolidate all Canadian border districts. Airlines will generally benefit since Chicago is a major hub for air connections, but maritime industries feel more comfortable with a Pacific region where they are more apt to find more commonalities with other districts than they will if part of an inland region.

Immigration staffing has increasingly become a problem as more people require INS services. Seattle has registered a 107% increase in air passenger arrivals since 1979 and a 39% increase in 1984 alone. It is estimated that 53% of the 540,000 arrivals in 1984 were required to go through immigration. Compounding the problem is the fact that at peak times as many as 1,337 passengers can disembark within a twenty minute period, causing enormous backups and delays. Suggestions have been made to cross-train Customs and Immigration staff to even the load during peak traffic conditions.

Expo 86, to be held in Vancouver, B.C., presents a major challenge to both Customs and Immigration in that the number of border crossings is expected to increase drastically for the year and remain higher than current levels beyond. It is a major concern that more inspectors will be taken from cargo and passenger clearance for marine and air terminals and be relocated to the U.S./Canadian border crossing in Blaine. Other strategies, such as hiring of temporary officials from the local population or temporary relocation of inspectors from ports that are relatively better staffed should be considered first.

Conditions that hamper the efficient processing of cargo and air passenger clearance are largely due to the increases in volume of each without a concomitant growth in the customs work force. A number of streamlining procedures have been put into effect in the past couple of years with excellent results. The policy of the district customs' administrators of maintaining open dialogue with business concerns results in the implementation of effective procedures. The administration should be commended for its "open door" policy and urged to maintain it.

ANDERSON TUG & BARGE CO.
BOX 1315 • SEWARD, ALASKA 99664
(907) 224-5506 • (206) 329-6836

February 12, 1985

Honorable Edward Roybal
Chairman of the Treasury, Postal Service
and General Government Appropriations Committee
Office of Sen. Slade Gorton
2988 Jackson Federal Building
915 Second Ave.
Seattle, Wash. 98174

re: Customs Service Operations

Dear Congressman Roybal,

Due to the short notice of this informational hearing, we have not yet had the opportunity to fully weigh any consequence of the proposed move of jurisdiction area of the Customs Service Office.

At this time, Seward, Alaska has reached development as an International Port and also as the focal point for the State of Alaska to export it's natural resources. The first major step has been the exportation of coal to the Republic of Korea. Ships also call frequently from Germany, Japan, and Poland and we are seeking markets in Taiwan and China. Seward has an expanding tourist trade with cruise ships calling weekly.

We will be greatly concerned at any decrease of efficiency of service and operations if Alaska is placed under the Chicago Regional Office. A fully staffed Customs Office is an essential form of infrastructure to our developing area; especially with our newly expanded markets to the Pacific Rim nations.

Sincerely,

Thomas E. Anderson

Mrs. John C. Anderson III
City of Seward

jjs
cc file

FRITZ COMPANIES, INC.
ARTHUR J. FRITZ & CO.
P.O. DRAWER 'G' • BLAINE, WASHINGTON 98230
TELEPHONES: (206) 332-5001 USA • (604) 531-2941 CANADA • TLX 152-518 FRITZCO BLA

Presidential
Award

BRANCH OFFICES ARE AUTHORIZED ONLY TO DEAL WITH CLEARANCE AND EXPEDITING OF MERCHANDISE. CONTRACTS OR AGREEMENTS TO BE VALID MUST BE SIGNED BY EXECUTIVE OFFICERS AT CORPORATE HEADQUARTERS.

FEDERAL MARITIME COMMISSION NO. 675

February 11, 1985

RECEIVED
FEB 12 1985

Senator Slade Gorton
2988 Jackson Federal Building
915 Second Avenue
Seattle, Washington 98174

Attention: Mr. Slade Gorton, U. S. S.

SUBJECT: Passenger and Cargo Traffic
Letter of January 28, 1985

Response to the request of January 28, 1985, received from Mr. Daniel J. Evans, U. S. S., February 11, 1985, in this office;

As a Tax Payer, and having worked as a U. S. Customs Broker for the last 17 years; twelve at the Port of Blaine, Wa., at the Arthur J. Fritz & Co., as Manager of both the Oroville, Wa., and Blaine, Wa., offices, I feel the move of the import specialist to Seattle would be a good move.

I feel that the Port of Blaine import specialists, on a whole, waste more time and effort on trival matters, and incur more cost to the customs than what they accomplish.

They all have different, unpublished working hours, and often are hard to contact by telephone, even with the fact that at least two personnel are on assigned to each team, and that they could rotate their hours to be available to assist when needed, and for better efficiency of the office.

It is my opinion that if your office sent out a questionnair to the U. S. Customs Brokers on how to improve the U. S. Customs Service you may better understand and possibly be enlightened as to some of the conditions and/or inadequacies, as well as to the actual functions of both to the importing public.

I feel that an unannounced audit by a non-government agency, or agencies, would prove that there is more cost effective ways of running the U. S. Customs Service.

Although there needs to be control on the importing public, new ideas and changes should not be discouraged or misinterpeted.

I could be more explicit as to the reasons for my comments, and point out specifics as well, however, the time allowed by the notice received is too short.

Very truly yours,

George N. Ogden

George N. Ogden
Manager

Kerr Steamship Company, Inc.

Seafirst Fifth Avenue Plaza
800 - 5th Avenue, Suite 3550
Seattle, Wash. 98104

Anchorage
Atlanta
Baltimore
Boston
Charleston
Chicago
Cleveland
Crawford
Dallas
Detroit
Dutch Harbor
Galveston
Halifax
Houston
Jacksonville
Kenai
Ketchikan
Long Beach
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Memphis
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Montreal
New Orleans
New York
Norfolk
Oakland
Philadelphia
Portland
San Francisco
Savannah
Seattle
Saint John
St. Louis
Toronto
Vallejo
Vancouver, B.C.
Wilmington

Cable Address
"Kerrline"

Telex Numbers
RCA 277118
WU 320278
TWX 910-4444133

Telephone
(206) 628-6700

Senator Slade Gorton
2988 JACKSON FEDERAL BUILDING
915 Second Ave.

RECEIVED
FEB 10 [illegible]
Senate [illegible]

Dear Senator,

Please find the enclosed copies of our statement regarding the effect of the new policies of the U.S. Customs Service in the Port of Seattle. While we do not care to give oral testimony, please accept our written statement.

Thank You,

Steven Symms
Kerr Steamship Co.
Import Traffic Manager

'K' Line — Kerr Corporation

Seafirst Fifth Avenue Plaza
800 - 5th Avenue, Suite 3550
Seattle, Wash. 98104

Cable Address
"Kerrline"

Telex Numbers
RCA 277118
WU 320278
TWX 910-4444133

Telephone
(206) 628-6700

To: The Washington State
Congressional Delegation

Dear Sirs,

Thank you for the invitation to the upcoming hearing concerning the present and future operating procedures of the U.S. Customs Service.

With the recent reorganization and centralization of the U.S. Customs facilities to Harbor Island, we would like to mention the following benefits and problems associated with the new system.

First, consolidation of the facilities has simplified the flow of paperwork to a single location, plus it has centralized some of the primary components of the Customs Service - the Manifest Review Unit, Control Section, and the CET/EXODUS program.

We have noticed however, that it is generally taking much longer to have Customs paperwork processed, and this consequently leads to longer delivery times. This of course reflects unfavorably upon the customs brokers, freight forwarders, and steamship companies, who must rely upon the Customs Service for prompt cargo releases. Also, unnecessary friction is created between the international trade community and the Customs Service when problems above and beyond the control of the brokers and steamship companies are posed by Customs. The problem of cargo delay is further exacerbated by the limited staff at the Customs facility, who must process a veritable mountain of paperwork each day, and who consequently have little time to help us out with problems associated with the new Customs system.

We feel that with moderate adjustments to the existing system, plus increased manpower at the Harbor Island facility, that we can eliminate the current paperwork logjam and the resulting delays of inbound cargo from the piers. Given the increasing importance of international trade to this area and the country as a whole, plus the intense competition among West Coast ports for this trade, it would be to everyone's advantage to do everything possible to provide faster, and more efficient service by U.S. Customs.

Again, the idea of consolidating U.S. Customs at a single complex does have its merits, and once the bugs have been worked out of the system it should be more efficient. This however is going to be difficult unless something is done to solve the current problems associated with paperwork logjams, and poor communication between ourselves as an industry and the U.S. Customs Service. We believe that serious consideration should be given to increasing the number of Customs personnel to facilitate greater efficiency within the Port.

Sincerely,

C-E Minerals
A Subsidiary of
Combustion Engineering, Inc.
Calhoun Plant
Box 1688, Aladdin Star Route
Colville, Washington 99114

Tel. 509/732-4444
Telex 704762

CE MINERALS

February 8,1985

RECEIVED
FEB 11 1985

Senator Slade Gordon
2988 Jackson Federal Building
915 Second Avenue
Seattle, Washington 98174

Reference-February 15,1985 Hearing on shipments across
U.S.--Canadian border

Dear Senator Gordon:

This will be a very brief letter, the purpose of which is to stress the importance of one border crossing to a small mining and milling operation, 8 miles south of the Waneta Customs station.

One hundred per cent of our product, barite, is shipped into Canada for use as a weighting agent in oil well drilling. We have shipped as much as 600 tons in a month. The majority of our product passes through the Waneta border crossing, but because of their short hours, it is sometimes necessary to ship through the FrontierPaterson crossing. This adds 40 miles over some long grades to truckers trip, and additional cost to our customers.

The Waneta crossing into Canada is extremely important to our Company, but it is equally important to our neighbors in this locality. There is resort on a nearby lake that receives a lot of Canadian customers through the Waneta border station. We don't want this station closed, if, anything, we would like to see the hours that it is open extended.

Sincerely,

James W. Goodrick
General Superintendent

Alyeska pipeline
SERVICE COMPANY

1551 BY ALYESKA PIPELINE SERVICE COMPANY ACTING AS AGENT FOR AMERADA HESS PIPELINE CORPORATION, ARCO PIPE LINE COMPANY, BP PIPELINES INC., EXXON PIPELINE COMPANY, MOBIL ALASKA PIPELINE COMPANY, PHILLIPS ALASKA PIPELINE CORPORATION, SOHIO PIPE LINE COMPANY, UNION ALASKA PIPELINE COMPANY

February 12, 1985

Senator Slade Gorton
2988 Jackson Federal Building
915 Second Avenue
Seattle, Washington 98174

Dear Honorable Senator Gorton:

Subject: Hearing, Customs Service Operations
February 15, 1985

This is to register our concern over any further reduction of services by U.S. Customs that will delay the handling and clearing of high priority proprietary imports into Alaska that are needed to operate and support the TransAlaska Pipeline System.

Alyeska Pipeline Service Company currently imports proprietary spare parts and equipment from Canada, England, France, Germany, Holland, Israel, and Japan. This material is required and purchased in a timely basis to support the operations of foreign made equipment ie, turbine drivers, energy converters, valves, instrument and controls, hydraulic gangways, etc., presently in use on the pipeline and the Valdez terminal. Alyeska also follows competitive purchasing practices and looks to the worldwide market to meet its operational needs.

Any consideration given to further reducing U.S. Customs services in Alaska and Seattle through the reduction of staff, the elimination of the Seattle District office and the placing of Alaska under the jurisdiction of the Chicago Regional office, where there will be a four hour time difference to contend with, will contribute to costly delays in the importation of foreign goods into Alaska.

Very truly yours,

W. F. Olver
Transportation Manager

WFO/ah

Written Testimony by John Fluke, Jr., Chairman
John Fluke Mfg. Co., Inc. to the
Congressional Hearing on the U.S. Customs Service in the Northwest
February 15, 1985, Seattle, Washington.

I would like to thank you for giving me the opportunity to submit testimony to this hearing. The John Fluke Mfg. Co. is a major producer of electronic test and measurement equipment. Over one-third of our sales are made outside of this country. Selling in international markets has become increasingly difficult during the past four years with the substantial rise in the value of the U.S. Dollar and with growing foreign competition. To win international orders, we often have to beat the competition on price and performance in their own backyard. Another factor in the competitive equation is delivery.

We have found it increasingly difficult to make timely delivery in many foreign countries because of export licensing delays created by the U.S. government. There are many aspects to this problem, but today I would like to focus my remarks on export clearance and "Operation Exodus."

In 1981, the Customs Service began "Operation Exodus," a program with the intent of curtailing the illegal export of high technology equipment. From the outset we have supported the goal of Exodus. However, in its early stages the program was a disaster for many electronics companies as the Customs Service unnecessarily delayed, detained or seized many shipments. Customs officials with virtually no experience or background in electronics were turned loose at major ports around the country with the goal of stopping the flow of technology to unfriendly countries. Undoubtedly, many illegal shipments were stopped but the price has been high in terms of needless delays and lost business. Most disconcerting was the bounty hunter mentality which pervaded many Operation Exodus personnel.

Another major problem was the fact that Exodus was being administered by two government agencies, the Commerce Department and the Customs Service, which is part of the Treasury Department. Coordination and cooperation between these two agencies has been very poor. Numerous shipments sat at airports for weeks on end while papers were shuffled back and forth (and lost) between these agencies. There has also been a considerable amount of in-fighting and second-guessing between these agencies in the administration of Exodus.

During the past year, the John Fluke Mfg. Co. has noticed a substantial improvement in the administration of Operation Exodus. There have been far fewer shipment delays and indiscriminate detentions. Customs officials have become more reasonable in dealing with minor infractions such as incorrect paperwork. Just this week we were able to quickly clear up a problem over an incorrectly completed Shipper's Export Declaration. Two years ago, this same process would likely have taken several weeks.

John Fluke Mfg. Co., Inc. / Fluke International Corporation / PO Box C9090 / Everett WA 98206 U.S.A.
(206) 356 5500 / TLX 185103

Of course, there is always room for improvement. Listed below are a few suggestions which we feel would help Customs achieve the goals of Operation Exodus.

1. More cooperation and coordination between Customs officials and exporters. Customs should work to inform the exporting community of export licensing and documentation regulations through seminars and company visits. Later this month, a Customs official will visit our factory to discuss export documentation requirements.

2. Operation Exodus should focus on stopping truly illegal exports instead of seizing shipments for technical violations such as inadvertent errors on Shipper's Export Declarations. These mistakes should be corrected but not at the expense of lost business, large penalties and lengthy delays.

3. For minor violations such as clerical errors on shipping documentation, the Customs Service should issue warning notices or "traffic ticket" penalties to exporters. This would ensure that documentation would be done correctly in the future but would not inhibit the flow of legitimate exports.

4. More technical training for Customs inspectors and agents. It is imperative that Exodus personnel have a better understanding of the equipment they are trying to monitor. This would allow more decisions about licensing and documentation to be made at the local level instead of referring cases to the Commerce Department in Washington, D.C.

By instituting these changes, operation Exodus would better meet its objective of preventing illegal exports while not inhibiting the export of high technology equipment to world markets.

Thank you.

STATEMENT OF POSITION
OF THE WEST COAST COALITION
TO MAINTAIN CUSTOMS EFFICIENCY

Date Submitted:
February 15, 1985

Contact:
John R. McLaurin
Director of Agency Affairs

PACIFIC MERCHANT SHIPPING ASSOCIATION
635 Sacramento Street, Suite 300 P.O. Box 7861, San Francisco, California 94120 Telephone (415) 986-7900

I. INTRODUCTION

The West Coast Coalition to Maintain Customs Efficiency* is a broad group of shipping interests on the West Coast that has been formed to achieve greater efficiencies in Customs operations. The Coalition believes that there has been an erosion of the ability of the United States Customs Service to process efficiently commercial traffic through the major West Coast ports. If allowed to continue unchecked, this will have serious adverse impact on the region's commerce and employment. The number of available West Coast Customs inspectors has remained relatively constant while trade volumes have grown dramatically. Moreover, assignment of Customs inspectors to new enforcement efforts against contraband has further reduced available personnel for processing normal commercial freight. The West Coast now faces the added threat of a split in regional supervisory responsibility for West Coast ports which would further exacerbate Customs' ability to respond to commercial shipping needs.

In order to respond to these threats, shipping, and port interests on the West Coast have coalesced in an effort (1) to maintain a common supervisory responsibility over West Coast

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* The Coalition, which has been organized by the Pacific Merchant Shipping Association ("PMSA"), includes the Foreign Shipowners Association ("FSOA"), the Los Angeles Steamship Association ("LASSA"), the Portland Steamship Operators Association ("PSOA"), the Puget Sound Steamship Operators Association ("PSSOA") and the Port of Los Angeles.

Customs districts and (2) to obtain for such districts personnel sufficient to discharge their responsibilities with reasonable dispatch.

II. THE NEED FOR ADDITIONAL CUSTOMS INSPECTORS

With a lack of adequate personnel, the West Coast Customs districts appear to be trying to meet shippers' needs for speedy processing by reducing effective cargo inspection. We are concerned that untoward events could force Customs to adhere to established inspection standards without having available necessary staffing. In that event, either the tie-up of import and export goods on West Coast docks would be monumental and unacceptable, or the industry would be forced to assume clearance procedures which would be so costly and burdensome that West Coast ports could become non-competitive.

The Coalition does not see any potential administrative efficiencies which would permit Customs to achieve productivity increases sufficient to discharge promptly their responsibilities at West Coast ports within available resources. It is noteworthy that while East Coast ports, for example, have proceeded further with automated Customs processing, there is no evidence of a resulting increase in productivity sufficient to offset the growing West Coast need for increased Customs staffing.

It is pertinent to point out that commercial shipping interests have already made substantial investments to facilitate paperwork automation for more efficient Customs processing. Moreover, substantial additional investment will be made as

automation proceeds. But automation progress takes time. And Pacific Rim trade continues to grow rapidly. Even were one to assume (albeit incorrectly) that at today's trade levels current Customs staffing would be adequate were all West Coast ports fully automated, there is no sound reason to believe that such staffing would also serve clearly anticipated future growth *

III. SUPERVISION OF WEST COAST PORT ACTIVITIES

Equally important to obtaining adequate Customs staffing is maintaining a common supervisory responsibility for West Coast Customs districts. The Coalition is deeply disturbed with apparent Customs plans to transfer supervision over the Seattle and Alaska ports to Chicago from the Los Angeles Region which now supervises all West Coast districts. In the first place, Chicago is an inland region whose general area of responsibility differs significantly from that of the Pacific Region. Inland Customs expertise is directed more toward handling cargo at destinations which differ from the export/import problems of a seaport. In addition, inland Customs regions have little involvement in important seaboard programs such as Accept and Radio Preliminary Entry Programs or with activities such as CET

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* We note that a number of Customs inspectors are assigned to enter basic shipping data into computer data banks. There is some question as to whether this function might more properly be assigned to significantly lower paid clerk typists and returning inspectors to normal field duties. Whether or not this would be more efficient use of personnel, it is clear that there is no sound basis, given the substantial increase in Pacific Rim trade, to reduce the number of Customs inspectors engaged directly in clearing freight by the assignment of such inspectors to the entry data system.

or Operation Exodus. Second, Pacific Coast shipping interests would be required to deal with two instead of one regional offices; and one of those offices would be more than a half a continent away from both the port of entry and the carrier's offices. This split would result in severe logistical and communications difficulties for all concerned.

Maintaining common supervisory responsibility over West Coast ports benefits the shipping industry as well as Customs. U.S.-Asia trade flows through all West Coast ports. Major shippers and carriers customarily use and serve more than one West Coast port. Under the circumstances, standardization of procedures -- which is facilitated by common supervision -- is highly desirable.

In this regard, West Coast carriers and ports have developed good working relationships with the Pacific Region headquartered in Los Angeles. Within its own budget constraints, Los Angeles has been responsive to our needs. And its geographic proximity to the offices and headquarters of West Coast carriers has significantly increased their ability to call to the attention of Customs matters which need review or correction.

We recognize that Customs may have an administrative need to consolidate functions and reduce overhead. However, we fail to see how moving supervision of the Puget Sound and Alaska Customs port clearance and administrative procedures from Los Angeles to Chicago provides any significant advantage in this regard. There was, of course, some administrative efficiency in the consolidation of the Los Angeles and San Francisco Regional Offices and, while this consolidation was of concern to

us, we accepted it. Here, however, it would appear to make more sense, if operating efficiency is Customs' driving force, either to consolidate the Central and/or Southwest Regions or to reduce the number of East Coast Regions. Such administrative consolidations would undoubtedly facilitate greater overall savings without imposing the time and expense constraints on communications which would flow from the proposed Puget Sound and Alaska transfer to Chicago.

IV. CONCLUSION

The Coalition is not opposed to any change in Customs procedures; its members are neither hidebound nor entirely satisfied with current conditions. However, the West Coast maritime industry has made every effort in the past, as they will in the future, to cooperate with Customs to meet its statutory responsibilities with greater efficiency and at reduced cost.

However, as previously noted, we are not aware of any Customs plans which would, in our judgment, provide resources adequate to assure effective and prompt Customs processing of all West Coast ports. Under the circumstances, we have been forced to conclude that Customs planning for administrative changes over West Coast ports are *a priori* responsive to political pressures rather than rational efforts to meet statutory responsibilities at reduced cost. As such, the Coalition must oppose these changes and seek an increase or a reallocation of resources that fairly serves the needs of all West Coast ports. This judgement is, of course, fortified

by the President's proposed Budget which would reduce available staff for port operations by 800 positions.

We not only strongly oppose the proposed cuts which are not responsive to any known efficiency gains and which would exacerbate Customs' already depleted ability to meet its responsibilities at West Coast ports. We urge that the Congress add to the Customs budget rather than reduce it so that Customs can meet its statutory responsibilities. The Congress is well aware that with added funds Customs would be able to collect additional duty so that such addition of funds for port clearances would not adversely impact the basic national objective of reducing the deficit.

PEND OREILLE COUNTY TAXPAYERS' ASSOCIATION

PEND OREILLE COUNTY, WASHINGTON

Citizens Demanding Responsible Government

President: Clarence Soliday
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Usk, Wa 99180
Vice-President: Ernest Powers
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Judith Lockman
Lillian Soliday
Gerald Bergstrom
Donald Larson
Eldon Hutchins

February 12, 1985

The Honorable Slade Gorton, U.S.S.
127 Russell Senate Building
Washington, D.C. 20510

Re: Possible changes in hours of operation at US/Canadian border crossing.

Dear Senator Gorton:

Our organization corresponded with you concerning the Nelway crossing in May Of 1983.

At that time we were the Citizens' Protective Association and have since broadened our base involving other interested people and changed our name to the Pend Oreille County Taxpayers' Association.

We mention this in case you wish to refer to our correspondence at that time.

We have once more received information that the Nelway Crossing in Pend Oreille County may have it's hours of operation reduced.

The impact to Pend Oreille County would be very serious. This little county has had a struggle trying to catch up with the economic rise, not only of the rest of Washington State, but that enjoyed by much of the rest of the nation.

Needless to say anything interfering with traffic both business and tourist would adversley effect Pend Oreille County. We could rapidly reverse the gains that have been realized to this point.

The Association would appreciate very much if our concerns were made known at the hearings to be held in Seattle February15, 1985.

Sincerely,

Clarence Soliday, President

Helen Powers, Sec'y/Treas.

Board of Commissioners

Earl L. Sorsdahl
District No. 1

Michael D. Keogh
District No. 2

Harlan F. Young
District No. 3

Box 5000 · Newport, Washington 99156 · (509) 447-4119

February 13, 1985

The Honorable Slade Gorton, Senator
2988 Jackson Federal Building
915 Second Avenue
Seattle, WA 98174

Attention: Steve Oien

Dear Sir:

We are more than a little concerned that reduction in the hours of operation of the Nelway Customs Office in Pend Oreille County is again being considered and with such short notice, it gives us very little time and opportunity to respond.

Our position has not changed; we feel that changing the existing hours would have a devastating effect on major industry in the county located twelve miles to the south of this port of entry. This is the only port of entry in Pend Oreille County and shortening of hours would also have a negative effect on our tourist trade.

We sincerely urge all efforts be made to assure the future operating procedures allow this port of entry to maintain their present schedule.

Your assistance will be sincerely appreciated.

Sincerely,

BOARD OF COUNTY COMMISSIONERS
PEND OREILLE COUNTY, WASHINGTON

Michael D. Keogh

Michael D. Keogh, Chairman

BCC/jr

cc: Congressman Thomas Foley
Senator Daniel J. Evans

DEPARTMENT OF THE TREASURY
U S CUSTOMS SERVICE
PACIFIC REGION

PER-1-A

The Honorable Norman D. Dicks
House of Representatives
Washington, D.C. 20515

Dear Mr. Dicks:

This is in reply to your letter of January 11, 1985 requesting information about the resources available to the Pacific Region. For your ease in reviewing the data, our responses are numbered to coincide with your questions as posed. Further, there are attachments which provide additional details.

1. Attachments 1, 2, 3, and 4 show expenditure and budgetary information for the Pacific Region and by district and type of expenditure. Attachment 1 shows expenditures of the Pacific Region for fiscal years 1980 through 1984 and budget data for fiscal year 1985. Attachments 2, 3, and 4 provide detailed expenditure and budget data by district for fiscal years 1983-1985 only. As you may recall, the San Francisco Region (which included Seattle District) and the Los Angeles Region were consolidated on October 1, 1982 (fiscal year 1983) into the Pacific Region. While we were able to reconstruct expenditures for the combined regions back to fiscal year 1980, we were unable to develop expenditure information for the former San Francisco Region districts.

You had also requested that the expenditure data be detailed by expenditures such as for administrative staff and full-time inspectional staff. Our accounting system does not accumulate costs by these categories. However, for your information, you will note that on Attachments 2, 3, and 4, we have provided the percentage of the total staffing represented by inspectors.

2. Attachments 5, 6, 7, and 8 show the staffing levels at the end of fiscal years 1982, 1983, 1984, and to date in 1985 only. As mentioned above, due to the consolidation of regions, we were unable to reconstruct data for fiscal years before regional consolidation.

You will note a decrease of 19 inspectors in Seattle between fiscal years 1982 and 1983. That reduction is accounted for by the transfer of our Vancouver B.C. Pre-Clearance operation and staffing from the Seattle District to the Chicago Region. You will also note increases

in the inspector staffing in the San Diego and Los Angeles Districts during the period fiscal year 1982 through January 28, 1985. These increases are principally attributable to additional staffing authorized for openings of new facilities: Otay Mesa in the San Diego District and the new arrival facility at the Los Angeles International Airport.

Attachment 9 contains staffing data for our two categories of special enforcement teams: Contraband Enforcement and EXODUS. These teams have been recognized as an official organizational entity for about two years. The March 1983 data is the earliest date that our files show a specific staffing of the teams by district. The October 1984 data are still current.

3. Our Regional Inspection and Control office recently conducted an inspectional resources allocation study and has developed an allocation model which is now being refined. We expect to finalize the model within the next three to six months. When applied it may reveal the need to reallocate some inspectional resources.

The entries for EXPO 86 in Vancouver, B.C. will primarily consist of in-transit goods. We do not expect that this will place any appreciable strain on our resources as these will involve movements of goods in-bond. The 1984 Olympics generated an increased entry load in Los Angeles for goods entered for consumption, as well as those entering under Temporary Importation Bonds; however, this did not strain our resources, despite the fact that 90 percent of those items were entered via Los Angeles.

When Sealand shifts its resources to their new facility at Tacoma, a commensurate shift in resources will have to be made within the Seattle District.

4. Attachment 10 shows expenditures and budgetary data for temporary inspectors by district for fiscal years 1980 through 1985. (We were able to develop expenditure data on temporaries for the former San Francisco Region districts.) The attachment displays the total expenditures for temporary inspectors for the fiscal year followed by the amount expended during the summer months.

You asked for information on the number of part-time and intermittent inspectors hired. We do not capture that data and it would be of limited benefit for purposes of comparisons. Temporary inspectors have different assigned schedules, i.e., some work part-time schedules, some on an as needed basis, and some full time. Further, we generally hire to establish pools of inspectors. Individuals in the pool are called out and used on an as needed and as available basis. Their usage is limited by the budget and not by the number of people hired.

5. In your closing paragraph you requested information on processing rates within the Seattle District and for other representative airports within the Region. The following chart depicts that information.

Approximate processing rates in the Seattle District are:

Number of air passengers cleared per hour	600
Average number of inspectors available daily for duty at SEA/TAC for passenger processing (based upon annual/sick leave, court leave, lieu days off for Saturday)	13
Number of inspectors available by hour at SEA/TAC	Variable by passenger load factors, peaking, and inspector availability
Average time it takes a Customs inspector to process the average passenger. This includes actual processing time only; it does not include time waiting in queuing lines or claiming baggage.	1 minute Primary Inspection 4-5 minutes Secondary Inspection

Other representative airports process the passenger in comparable time frames as Seattle. These are:

Los Angeles
Honolulu
San Francisco

Processing times vary because we have different processing systems in place at some of our airport locations (e.g., ONE-STOP, RED/GREEN, etc.). Some of these systems include separate Immigration (INS) primary processing, while others have dual Customs/INS primary processing. The average primary processing time under the dual inspection system is 90 seconds per passenger. The average time for Customs secondary processing is 5 minutes; this time is, of course, extended in those instances involving violations. It is important to note, however, that approximately 75-80 of the passengers do not require secondary processing.

We appreciate the opportunity to provide data for your upcoming appropriations committee hearings. If we may be of further assistance by providing additional information or clarifying the data provided, please do not hesitate to contact Mr. Don Tag on FTS 798-5932.

Sincerely,

QUINTIN L. VILLANUEVA, JR.
Regional Commissioner

Attachments

ATTACHMENT 1

PACIFIC REGION
SUMMARY SCHEDULE OF BUDGET/EXPENDITURES FOR FISCAL YEARS 1980 THROUGH 1985
(NEAREST THOUSAND DOLLARS)

	FY'80 ACTUAL EXPENSES	FY'81 ACTUAL EXPENSES	FY'82 ACTUAL EXPENSES	FY'83 ACTUAL EXPENSES	FY'84 ACTUAL EXPENSES	FY'85 BUDGET
SALARY EXPENSES						
FULL TIME PERSONNEL	57,593	60,276	63,807	63,242	63,091	62,173
TEMPORARY PERSONNEL	3,065	1,863	1,852	1,794	1,684	1,351
OVERTIME	15,180	18,819	18,347	16,224	16,910	16,194
OTHER	1,504	1,649	1,488	2,741	2,785	2,231
SUB TOTAL	77,342	82,607	85,494	83,801	84,470	81,949
EMPLOYEE BENEFITS (A)	5,998	8,427	8,820	9,865	10,253	9,775
OPERATING EXPENSES						
TRAVEL	1,875	1,930	1,791	2,473	2,099	1,651
RENTAL (B)	8,706	8,785	9,429	9,964	9,085	10,561
EQUIPMENT	211	258	300	142	132	154
OTHER (C)	6,768	6,432	6,069	5,083	7,210	5,304
SUB TOTAL	17,560	17,405	17,589	17,662	18,526	17,670
TOTAL EXPENSES	100,900	108,439	111,903	111,328	113,249	109,394
PORTION OF FULL TIME PERSONNEL THAT ARE INSPECTORS (D)				58%	57%	51%

(A) Includes Retirement, FICA, Health Insurance, Life Insurance, etc.

(B) Includes rental of office equipment, communications equipment, and facilities.

(C) Includes transportation of items, repair services, fuel, supplies, etc.

(D) We do not maintain costs separately for Inspectors. These percentages represent an estimated portion of the salaries related to those employees.

ATTACHMENT 2

PACIFIC REGION
EXPENDITURES BY DISTRICT FOR FISCAL YEAR 1983
(NEAREST THOUSAND DOLLARS)

	SEATTLE	SAN FRANCISCO	PORTLAND	ANCHORAGE	HONOLULU	SAN DIEGO	LOS ANGELES	TOTAL
SALARY EXPENSES								
FULL TIME PERSONNEL	8,416	8,891	1,634	1,388	4,524	7,092	12,325	44,270
TEMPORARY PERSONNEL	430	168	24	64	190	235	399	1,514
OVERTIME	2,899	2,191	345	784	2,095	2,594	4,685	15,583
OTHER	324	179	38	355	839	80	115	1,930
SUB TOTAL	12,069	11,429	2,045	2,591	7,648	10,001	17,524	63,297
EMPLOYEE BENEFITS (A)	905	1,063	190	181	554	874	1,483	5,330
OPERATING EXPENSES								
TRAVEL	90	80	30	79	60	56	105	502
RENTAL (B)	138	122	32	56	62	94	186	690
EQUIPMENT	24	9	5	2	7	27	34	98
OTHER (C)	300	251	52	63	92	311	1,234	2,303
SUB TOTAL	544	462	119	200	221	488	1,559	3,593
TOTAL EXPENSES	13,598	12,954	2,354	2,972	8,423	11,363	20,566	72,220
PORTION OF FULL TIME PERSONNEL THAT PUT INSPECTIONS (D)	56%	42%	44%	66%	62%	76%	40%	53%

NOTE (1): We do not maintain costs separately for Inspectors on a District by District basis. The above percentages represent an estimated portion of the salaries related to those employees.

NOTE (2): This Schedule includes only expenditures at the District level. The Summary Schedule includes expenditures for the entire Region.

(A) - (D): See Attachment 1

ATTACHMENT 3

PACIFIC REGION
EXPENDITURES BY DISTRICT FOR FISCAL YEAR 1984
(NEAREST THOUSAND DOLLARS)

	SEATTLE	SAN FRANCISCO	PORTLAND	ANCHORAGE	HONOLULU	SAN DIEGO	LOS ANGELES	TOTAL
SALARY EXPENSES								
FULL TIME PERSONNEL	8,145	8,840	1,690	1,362	4,398	7,605	12,660	44,700
TEMPORARY PERSONNEL	421	178	31	60	190	215	398	1,493
OVERTIME	2,784	2,530	390	761	1,824	2,909	5,252	16,450
OTHER	27	31	5	4	14	23	51	155
SUB TOTAL	11,377	11,579	2,116	2,187	6,426	10,752	18,361	62,798
EMPLOYEE BENEFITS (A)	1,150	1,109	228	553	1,557	1,039	1,719	7,355
OPERATING EXPENSES								
TRAVEL	92	86	27	77	58	45	91	476
RENTAL (B)	155	147	38	41	72	123	211	787
EQUIPMENT	5	6	1	1	4	16	31	64
OTHER (C)	258	305	53	102	90	311	1,627	2,746
SUB TOTAL	510	544	119	221	224	495	1,960	4,073
TOTAL EXPENSES	13,037	13,232	2,463	2,961	8,207	12,286	22,040	74,226
PORTION OF FULL TIME PERSONNEL THAT ARE INSPECTORS (D)	54%	42%	46%	66%	61%	78%	55%	57%

NOTE 1: We do not maintain costs separately for Inspectors on a District by District basis. The above percentages represent an estimated portion of the salaries related to those employees.

NOTE 2: This Schedule includes only expenditures at the District level. The Summary Schedule includes expenditures for the entire Region.

(A) - (D) See Attachment 1

ATTACHMENT 4

PACIFIC REGION
BUDGET BY DISTRICT FOR FISCAL YEAR 1985
(NEAREST THOUSAND DOLLARS)

	SEATTLE	SAN FRANCISCO	PORTLAND	ANCHORAGE	HONOLULU	SAN DIEGO	LOS ANGELES	TOTAL
SALARY EXPENSES								
FULL TIME PERSONNEL	7,370	8,477	1,517	1,200	4,008	7,680	13,296	43,488
TEMPORARY PERSONNEL	100	111	18	38	118	137	225	897
OVERTIME	2,067	3,318	441	650	2,004	1,001	5,207	17,495
OTHER	28	33	6	4	15	24	41	141
SUB TOTAL	10,665	11,934	1,977	1,892	6,145	10,849	18,779	62,041
EMPLOYEE BENEFITS (A)	1,141	1,158	760	476	1,455	1,066	1,712	7,488
OPERATING EXPENSES								
TRAVEL	109	91	28	87	55	46	87	496
RENTAL (B)	156	153	43	35	76	176	209	798
EQUIPMENT	8	8	7	3	5	8	12	46
OTHER (C)	283	318	60	87	95	318	1,619	2,756
SUB TOTAL	556	570	133	212	231	498	1,905	4,096
TOTAL EXPENSES	12,362	13,662	2,870	2,580	8,031	12,413	22,417	73,625
RATIO OF FULL TIME PERSONNEL THAT ARE INSPECTORS (D)	53%	43%	46%	60%	61%	78%	53%	51%

NOTE (A): We do not maintain costs separately for Inspectors on a District by District basis. The above percentages represent an estimated portion of the salaries related to those employees.

NOTE (B): This Schedule includes only allocations at the District level. The Summary Schedule includes the entire Region.

(B) - (D) See Attachment 1

ATTACHMENT 5

PACIFIC REGION
STAFFING LEVELS
END OF
FISCAL YEAR 1987

	INSPECTORS	IMPORT SPECIALISTS	CANINE ENFORCEMENT OFFICERS	REIMBURSABLE*	OTHER	TOTALS
REGIONAL OFFICE	0	0	1	0	175	176
OFFICE OF PATROL	3	0	0	2	319	324
SAN DIEGO DIST.	212	20	8	4	47	291
LOS ANGELES DIST.	273	82	17	17	171	556
SAN FRANCISCO DIST.	148	53	3	13	165	382
PORTLAND DIST.	29	11	0	1	23	64
SEATTLE DIST.	109	41	3	8	101	342
ANCHORAGE DIST.	35	0	0	3	20	58
HONOLULU DIST.	113	8	1	15	51	188
TOTALS	1,003	215	28	63	1,072	2,381

* Customs employees' salaries that are reimbursed by warehouse proprietors.

ATTACHMENT 6

PACIFIC REGION
STAFFING LEVELS
END OF
FISCAL YEAR 1983

	INSPECTORS	IMPORT SPECIALISTS	CANINE ENFORCEMENT OFFICERS	REIMBURSABLE*	OTHER	TOTALS
REGIONAL OFFICE	0	0	1	0	189	190
OFFICE OF INVESTIGATIONS	0	0	0	0	250	250
OFFICE OF PATROL	0	0	0	0	206	206
SAN DIEGO DIST.	231	16	10	0	47	304
LOS ANGELES DIST.	270	82	17	4	170	535
SAN FRANCISCO DIST.	153	49	3	7	147	369
PORTLAND DIST.	30	11	0	3	24	68
SEATTLE DIST.	170**	42	7	4	109	320
ANCHORAGE DIST.	36	0	0	2	20	58
HONOLULU DIST.	107	9	2	9	48	175
TOTALS	997	209	30	21	1,221***	2,479

* Customs employees' salaries that are reimbursed by warehouse proprietors.

** During FY 1983, the Vancouver B.C. Customs Pre-clearance operation with 27 inspectors was transferred to the Chicago Region. That re-alignment accounts for the reduction in inspector staffing from FY 1982.

*** The increase in the "Other" category for FY 1983 is due principally to the Office of Investigations being added to the Regional organizational structure.

ATTACHMENT 1

PACIFIC REGION
STAFFING LEVELS
END OF
FISCAL YEAR 1990

	INSPECTORS	IMPORT SPECIALISTS	CANINE ENFORCEMENT OFFICERS	REIMBURSABLE*	OTHER	TOTALS
[illegible]	[illegible]	0	1	0	175	176
[illegible]	[illegible]	0	0	0	245	245
[illegible]	[illegible]	0	0	0	180	180
[illegible]	[illegible]	11	9	0	60	326
[illegible]	[illegible]	93	11	4	150	653
[illegible]	[illegible]	35	3	0	158	356
[illegible]	[illegible]	10	0	0	24	63
[illegible]	[illegible]	0	1	0	97	383
[illegible]	[illegible]	0	0	0	16	63
[illegible]	[illegible]	0	2	0	48	170
[illegible]	1,239	159	27	10	1,149	3,479

* [illegible] that are reimbursed by warehouse proprietors.

ATTACHMENT 6

PACIFIC REGION
STAFFING LEVELS
AS OF
JANUARY 28, 1985

	INSPECTORS	IMPORT SPECIALISTS	CANINE ENFORCEMENT OFFICERS	REIMBURSABLE*	OTHER	TOTALS
REGIONAL OFFICE	0	0	1	0	171	172
OFFICE OF INVESTIGATIONS	0	0	0	0	241	241
OFFICE OF PATROL	0	0	0	0	176	176
SAN DIEGO DIST.	249	13	10	0	49	320
LOS ANGELES DIST.	296	94	11	4	150	554
SAN FRANCISCO DIST.	150	47	3	1	155	351
PORTLAND DIST.	29	10	0	0	24	63
SEATTLE DIST.	162	35	1	0	107	305
ANCHORAGE DIST.	30	0	0	2	18	50
HONOLULU DIST.	101	8	2	9	46	166
TOTALS	1,015	207	28	16	1,137	2,395

* Customs employees' salaries that are reimbursed by warehouse proprietors.

PACIFIC REGION

ATTACHMENT 9

ATTACHMENT 9

CONTRABAND ENFORCEMENT TEAM
STAFFING

	OCT. 1984	MAR. 1985
ANCHORAGE	2	1
BLAINE	3	3
CALEXICO	10	10
HONOLULU	10	13
LOS ANGELES - LONG BEACH	8	10
LOS ANGELES INTL	18	17
SAN DIEGO	10	10
SAN FRANCISCO	22	15
SEATTLE	7	8
TACOMA	3	2

NOTE: CET has only been an official entity for a bit over two years.

EAGLES TEAM STAFFING

	OCT. 1984	NOV. 1985
ANCHORAGE	0	1
BLAINE	0	1
CALEXICO	2	2
HONOLULU	0	1
LOS ANGELES - LONG BEACH	4	5
LOS ANGELES INTL	3	6
PORTLAND	0	2
SAN DIEGO	0	2
SAN FRANCISCO	6	6
SEATTLE	2	2

NOTE: The Pacific Region took a different approach to EAGLES positions. The one position at Blaine was eliminated in favor those at the other small ports and land border points; no reduction was taken at Seattle.

ATTACHMENT 10

PACIFIC REGION
EXPENDITURES/BUDGET FOR TEMPORARY INSPECTORS
(NEAREST THOUSAND DOLLARS)

		SEATTLE	SAN FRANCISCO	PORTLAND	ANCHORAGE	HONOLULU	SAN DIEGO	LOS ANGELES
FY'93	TOTAL TEMP. EXPENSE	286	80	10	70	173	240	350
FY'93	SUMMER TEMP. EXPENSE (INCLUDED IN ABOVE)	160	44	4	50	47	105	150
FY'94	TOTAL TEMP. EXPENSE	313	104	22	77	183	257	390
FY'94	SUMMER TEMP. EXPENSE (INCLUDED IN ABOVE)	156	47	11	39	69	119	163
FY'95	TOTAL TEMP. EXPENSE	313	115	20	71	223	250	364
FY'95	SUMMER TEMP. EXPENSE (INCLUDED IN ABOVE)	167	47	6	53	63	117	164
FY'96	TOTAL TEMP. EXPENSE	430	160	28	64	190	235	399
FY'96	SUMMER TEMP. EXPENSE (INCLUDED IN ABOVE)	179	62	11	37	63	99	159
FY'96	TOTAL TEMP. EXPENSE	421	178	31	60	190	215	398
FY'96	SUMMER TEMP. EXPENSE (INCLUDED IN ABOVE)	213	74	11	37	75	129	170
FY'96	TOTAL TEMP. BUDGET	250	111	18	38	118	137	225
FY'96	SUMMER TEMP. BUDGET (INCLUDED IN ABOVE)	123	43	6	22	43	77	101

NOTE 1: Summer is the period of July, August and September.

NOTE 2: The Regional Budget for FY'95 was reduced by 37% from FY'94 and our allocations to the Districts were reduced accordingly.

EDB
Tacoma-Pierce County Economic Development Board
PO Box 1933
735 St Helens Avenue
Tacoma, Washington 98401
(206) 383-4726

February 13, 1985

Mr. Larry Killeen
Executive Director
Port of Tacoma
P. O. Box 1837
Tacoma, WA 98401

Dear Larry:

RE: Legislative Delegation Hearing Re. Department of Customs Coverage for the Pacific Coast Region

Thank you for the opportunity to provide our views regarding the impact of Customs coverage in the Pacific Coast Region. As a county-wide organization involved in recruiting new firms, retaining existing companies, and supporting international trade and tourism, we feel that in many subtle ways Customs' policies and the personnel carrying out those policies affect the business climate of our community.

Therefore, we would like to submit the following items to our legislative delegation for consideration.

- Impact of Maritime Industry on Pierce County:

  The Port of Tacoma may be the most significant asset that our community has to ensure future economic growth. Our primary concern is that Customs be structured and operated in such a way to allow the entire system to function more efficiently and thus continue to support the competitive business climate that we now experience. Important steps are now being taken to automate custom procedures. It is imperative that adequate manpower be provided while automation systems are being established, tested and proven. Premature cuts in manpower can jeopardize the very efficiency Customs hopes to achieve.

- Impact of International Trade and Tourism on Pierce County:

  The Seattle-Tacoma International Airport has seen a 107% increase in international air traffic over the past five years. Clearing Customs at Sea-Tac is one of the first experiences an international traveller has in our state, and that experience is critical to the formation of a first impression. If indeed tourism and international trade are to play the vital role in our economy that we expect, adequate staffing, efficient procedures, and training of Customs personnel becomes paramount to positive handling of international visitors and the prospect of return visits in

addition to the impression that the Northwest is a good place to do business.

We understand that present Customs personnel administering services in our area are doing a fine job with the limited resources available to them at this time. We encourage the legislative delegation to support the Port of Tacoma's position with regard to manpower levels, services to be provided, and procedural changes that may be necessary to make the system work in an efficient manner. We are all working to make Tacoma-Pierce County a competitive place to do business, the result of which will be jobs for local citizens and a strong local economy.

Sincerely,

Charles E. Cereghino
President

CEC:mt

RECEIVED
FEB 19 1985

LEHIGH PORTLAND CEMENT COMPANY

LEHIGH CEMENTS
BOX 696, SPOKANE, WASHINGTON 99210
AREA 509 | 624-5501

February 13, 1985

The Honorable Slade Gorton, U.S.S.
2988 Jackson Federal Office Building
915 Second Avenue
Seattle, Washington 98174

RE: Possible changes in U. S. and Canadian border hours

Dear Senator Gorton:

Lehigh Portland Cement Company is in receipt of your letter of January 28, 1985, advising of the February 15, 1985 hearing in Seattle to investigate the current and future operating procedures of the U. S. Custom Service. We understand that as in the past years, reducing the operating hours at the U. S./Canadian border crossings is to be considered.

Lehigh is greatly concerned, particularily with any changes at the Nelway crossing north of our Metaline Falls plant. Any reduced hours would make it even more difficult to economically service customers we have in eastern British Columbia.

We ask that you strongly oppose any action on the part of the Federal government which would hamper our ability to compete in the area north of the U. S./Canadian border.

Yours truly,

LEHIGH PORTLAND CEMENT COMPANY

V. F. Oertel

V. F. Oertel
Administration Manager
Northwestern Region

VFO/cfb

Chamber of Commerce
Tacoma-Pierce County

ONE HUNDRED YEARS '84

February 14, 1985

Dear Senator Slade Gorton:

Thank you for this opportunity to submit a written statement on the current and future operating procedures of ths U.S. Customs Service.

The most important comment we can make on behalf of our community's economic well-being, which is so closely tied to the future growth and job production of our port, concerns the continued availability of a U.S. Customs office in Tacoma. I comment on this issue in reference to a May 11, 1984 article in the Tacoma News Tribune on the plans calling for the agency's import-specialist moving to Seattle.

Our port's competitive position depends heavily on service to shippers and carriers. To the extent that necessary functions such as Customs delay trans-shipment, our community is harmed in its ability to grow. Before further reductions are imposed on our port, we believe a hearing should be held in Tacoma to ascertain how it might effect Tacoma.

A further aid to our community's ability to make the most of its future would be the existence of data on our port's export. The Bureau of Census is considering a modification of the shipper's export declaration, form 7525-V, to more clearly specify the point of origin of the export shipment, which can be different from the shipper's address. What is needed is a reporting of exports by three-digits zip codes.

Thank you for your consideration of these points.

Sincerely,

Gary D. Brackett, Mgr.
International Trade Council

Senator Slade Gorton
2988 Jackson Federal Building
195 Second Ave.
Seattle, WA 98175

GDB/vr

705 ST HELENS PO BOX 1933 TACOMA WA 98401 • (206) 627-2175

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ACCREDITED

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February 26, 1985

Alfred R. DeAngelus
Deputy Commissioner
U.S. Customs
1301 Constitution Ave., N.W.
Washington, D.C. 20229

Dear Mr. DeAngelus:

The following are the questions which I mentioned at the hearing in Seattle on February 15, 1985 that I would like to submit for the record. Because of the time constraints in printing the transcript of the hearing, I would appreciate a reply within two weeks.

1. It is my understanding that Tacoma has 11 full-time Customs inspectors assigned to the Port, but that allotment is also responsible for vacation fill-in and other staffing needs at all Puget Sound ports except Seattle. Can you elaborate on this?

2. What is the status of the proposal to move the Seattle district from the jurisdiction of the Pacific Region into the North Central Region? Will you be discussing this matter with the affected businesses? How will it affect service levels within the district?

3. What is the status of the Automated Commercial System in Seattle? Have you had cooperation from the community in instituting this system? How will it help you make better use of your personnel in the future? Is there an interim period of time when additional inspectors are needed before we are fully automated?

4. How many Import Specialist positions were allocated to the Pacific Region for FY '82 - FY '84? What is the FY '85 Import Specialist allocation level for this Region? How many of these positions are filled? Are there plans to fill vacant positions and increase the number of Import Specialist positions allocated for FY '85?

5. How many staff years did the Region dedicate to detecting commerical fraud during the last two years? What resources will be allocated to this effort in the next fiscal year?

6. How many staff years did the Region dedicate to Operation Exodus during FY '84? What percentage of the volume of outbound total shipments and computer/electronics shipments was inspected? What was the total number of detentions for FY '84? Of these, how many were later released for export? What action has been taken to minimize inspection delays?

7. What is Customs' estimate of the increase in dutiable merchandise entries within the Pacific Region during the next five years? What is the estimated narcotics threat within that same time period? What resource requirements are necessary to cope with these increases?

8. What was the average amount of time necessary for commercial cargo to clear Customs during FY '82? What was the average amount of time necessary following the implementation of ACCEPT in FY '83 and FY '84?

9. During the past ten years, the volume of automobile and commercial truck traffic has nearly doubled at the Pacific Region northern border crossings, and additional Customs facilities have been added. In spite of the increased workload and additional locations the staffing level for Inspectors has been declining. This has resulted in long lines at rush hours and or holidays or inadequate safeguards against smuggling and illegal entry. What action is planned to correct this situation?

Sincerely,

Norman D. Dicks
Member of Congress

DEPARTMENT OF THE TREASURY
U.S. CUSTOMS SERVICE
WASHINGTON

March 28, 1985

REFER TO
MAN-9-IC:W RC

Dear Mr. Dicks:

This is in further reply to your February 26, 1985, letter regarding our Seattle District and Pacific Region. The questions presented in your correspondence are answered in sequence.

1. The Tacoma Area encompasses the Port of Aberdeen and all Puget Sound ports except Seattle, including Neal Bay, Olympia, Everett, Port Townsend, Anacortes, Friday Harbor, Bellingham, Port Angeles, and Tacoma.

Staffing at these ports is minimal. When personnel at one of these locations are absent for extended periods (e.g., vacation, sick leave, training, etc.), it may be necessary to provide relief personnel from other locations within the Tacoma Area. It is estimated that the Port of Tacoma does not expend more than one staff year annually to support this relief activity.

2. No immediate action is foreseen on the proposal to consolidate part of the Seattle District with the North Central Region. Customs has already been in contact with members of the maritime industry to assure them that this proposal will not affect any seaports. The proposed transfer would apply only to ports along the Canadian border, and no action will be taken prior to January 1986.

3. The Automated Commercial System (ACS) consists of fifteen modules or subsystems designed to be implemented in phases (I through IV). Complete module implementation will occur in three to five years. The modules considered significant by the importing community are ACCEPT (cargo selectivity/release) and ABI (Automated Broker Interface).

ACCEPT is fully operational in the Seattle District and has provided Customs and the importing public with positive results. Customs officers can "profile" or identify high-risk cargo that require more intensive examination prior to release. By doing so, Customs can expedite the release of the remaining low-risk cargo, which accounts for over 70 percent of the shipments that enter the Port of Seattle.

The ABI module is being used by the brokerage community to process 9.4 percent of all formal entries filed in Seattle. This 9.4 percent figure represents very positive and encouraging results, and broker interest and participation in ABI is growing.

The trade community has assisted Customs in designing and implementing the ACS modules which are operational in Seattle. They did so willingly and with favorable results for themselves and the Service. The benefits derived from our automated systems have enabled us to keep pace with an increasing workload without causing cargo delays and without the need to add additional inspectional resources.

4. The number of Import Specialist positions allocated to the Pacific Region as of the end of each fiscal year were:

FY 82 - 229
FY 83 - 229
FY 84 - 211

The FY 85 allocation level for the Pacific Region is 211 positions, of which 201 positions are currently filled. There are no immediate plans to fill vacant positions or increase the allocated ceiling levels.

5. The Office of Enforcement, Pacific Region, expended the following investigative activity in fraud:

PERIOD	MANHOURS	*MANYEARS
FY 83	14,947	7.18
FY 84	34,136	16.41
October 1, 1984 to January 31, 1984 (1/3 year)	18,500	8.89
Total	67,583	32.48

(* Note: 2,087 hours equal one (1) manyear)

The noted increase in manhours expended in fraud investigative activity October 1, 1982, through January 31, 1985, is the result of:

1. The designation of commercial fraud as a national and regional enforcement priority; and

2. An increase in the number of Special Agent personnel assigned to investigate commercial fraud.

This commitment to commercial fraud is also evidenced by the fact that on August 13, 1984, five (5) additional Special Agent positions were allocated to the Pacific Region to specifically investigate fraud involving textile importations.

Office of Enforcement resources currently allocated to the investigation of commercial fraud in the Pacific Region will continue to be so allocated in FY 86. Further, as a result of a national reorganization of the Office of Enforcement, the number of Special Agent personnel available to investigate commercial fraud should increase in FY 86.

6. Twenty-nine staff years were devoted to Operation EXODUS in the Pacific Region during FY 84. These were fully funded positions.

Less than 1 percent of outbound shipments were targeted for inspection, and approximately 40 percent of these inspections were computer/electronic shipments.

The total number of detentions for FY 84 was 337, with 265 seizures. The remaining 72 shipments were later released for export.

The Pacific Region makes full use of the EXODUS Command Center in Washington, D.C. as a clearing house for information to minimize inspectional delays.

7. The number of dutiable entries in the Pacific Region increased by approximately 20 percent in FY 83. The increase in FY 84 was 21 percent. We expect a continuation of this trend (20 percent) during the next five years. There is no current assessment of the narcotic smuggling threat five years hence. We will attempt to cope with increases in imports by automation of our inspectional procedures (e.g., ACCEPT processing).

8. We would estimate that the average time for commercial cargo to clear Customs during FY 82 is as follows:

Airport Locations - within 8 hours
Seaport Locations - within 16 hours
Land Border Locations - within 1 hour

These estimates are based on the time the entry documents are first presented to Customs.

There has not been a significant change in these times, since the implementation of ACCEPT, for those shipments which require examination for enforcement purposes. However, approximately 70-78 percent of all shipments processed through ACCEPT are released without examination within the above time frames. Under ACCEPT processing brokers are permitted to present their entry documents to Customs for processing up to 5 days prior to the arrival of the shipment. This advance processing ensures immediate release of the shipment upon arrival, if no examination is required.

The average time for release of commercial cargo under ACCEPT processing is directly related to the efficiency of the broker in presenting the entry documents for processing prior to the arrival of the carriers, and the ability of the carriers to make the cargo available for examination if required. It is a national policy under ACCEPT at airport and seaport locations that Customs will notify brokers or importers of release/ examination requirements within 8 hours of entry presentation.

9. We are attempting to address our staffing problems by relocation of personnel from those district locations which have not experienced significant workload increases to those districts which have experienced such increases.

We appreciate the opportunity to provide this information. Please let us know if we can be of any other assistance.

Yours faithfully,

Alfred R De Angelus

Alfred R. De Angelus
Deputy Commissioner

The Honorable
Norman D. Dicks
House of Representatives
Washington, D.C. 20515